FRANCHISE AGREEMENT  
   
 BETWEEN  
   
 NEW WORLD COFFEE & BAGELS  
   
 AND   
   
   
   
   
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 NEW WORLD COFFEE & BAGELS  
   
 FRANCHISE AGREEMENT  
   
 TABLE OF CONTENTS  
   
 ARTICLE PAGE  
   
 ARTICLE I  
 GRANT OF FRANCHISE. . . . . . . . . . . . . . . . . . . . . . .2  
   
 ARTICLE II  
 DEVELOPMENT AND OPENING OF THE STORE. . . . . . . . . . . . . .3  
   
 ARTICLE III  
 PROPRIETARY MARKS AND GOODWILL. . . . . . . . . . . . . . . . .6  
   
 ARTICLE IV  
 TERM AND RENEWAL. . . . . . . . . . . . . . . . . . . . . . . .8  
   
 ARTICLE V  
 INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR . . . . . . .9  
   
 ARTICLE VI  
 TRAINING AND COMMENCEMENT OF BUSINESS . . . . . . . . . . . . 10  
   
 ARTICLE VII  
 OBLIGATIONS OF FRANCHISOR . . . . . . . . . . . . . . . . . . 11  
   
 ARTICLE VIII  
 ADDITIONAL OBLIGATIONS AND DUTIES OF FRANCHISEE . . . . . . . 12  
   
 ARTICLE IX  
 ADVERTISING AND PROMOTIONAL ACTIVITIES. . . . . . . . . . . . 16  
   
 ARTICLE X  
 REPORTS TO FRANCHISOR . . . . . . . . . . . . . . . . . . . . 17  
   
 ARTICLE XI  
 CONFIDENTIAL OPERATIONS MANUAL. . . . . . . . . . . . . . . . 19  
   
 ARTICLE XII  
 INSURANCE . . . . . . . . . . . . . . . . . . . . . . . . . . 19  
   
 ARTICLE XIII  
 RELATIONSHIP OF THE PARTIES: INDEMNIFICATION . . . . . . . . 21  
   
 ARTICLE XIV  
 COVENANTS NOT TO COMPETE. . . . . . . . . . . . . . . . . . . 22  
   
 ARTICLE XV  
 MODIFICATION OF THE SYSTEM. . . . . . . . . . . . . . . . . . 23  
   
   
   
 ARTICLE XVI  
 FRANCHISEE. . . . . . . . . . . . . . . . . . . . . . . . . . 24  
   
 ARTICLE XVII  
 TERMINATION . . . . . . . . . . . . . . . . . . . . . . . . . 24  
   
 ARTICLE XVIII  
 RIGHTS AND DUTIES OF THE PARTIES  
 UPON EXPIRATION OR TERMINATION. . . . . . . . . . . . . . . . 27  
   
 ARTICLE XIX  
 COMMENCEMENT AND HOURS OF OPERATIONS. . . . . . . . . . . . . 28  
   
 ARTICLE XX  
 TRANSFERABILITY OF INTEREST . . . . . . . . . . . . . . . . . 28  
   
 ARTICLE XXI  
 DEATH OR INCAPACITY OF FRANCHISEE . . . . . . . . . . . . . . 32  
   
 ARTICLE XXII  
 OPERATION IN THE EVENT OF  
 ABSENCE OR DISABILITY . . . . . . . . . . . . . . . . . . . . 32  
   
 ARTICLE XXIII  
 INJUNCTIVE RELIEF . . . . . . . . . . . . . . . . . . . . . . 33  
   
 ARTICLE XXIV  
 RISK OF OPERATIONS. . . . . . . . . . . . . . . . . . . . . . 33  
   
 ARTICLE XXV  
 OTHER OBLIGATIONS . . . . . . . . . . . . . . . . . . . . . . 34  
   
 ARTICLE XXVI  
 FORCE MAJEURE . . . . . . . . . . . . . . . . . . . . . . . . 34  
   
 ARTICLE XXVII  
 WAIVER OF VIOLATION OR DEFAULT. . . . . . . . . . . . . . . . 34  
   
 ARTICLE XXVIII  
 NOTICE AND TIME . . . . . . . . . . . . . . . . . . . . . . . 34  
   
 ARTICLE XXIX  
 GOVERNING LAW AND VENUE . . . . . . . . . . . . . . . . . . . 35  
   
 ARTICLE XXX  
 DISPUTE RESOLUTION. . . . . . . . . . . . . . . . . . . . . . 36  
   
 ARTICLE XXXI  
 ACKNOWLEDGMENTS . . . . . . . . . . . . . . . . . . . . . . . 37  
   
   
   
   
 ARTICLE XXXII  
 ENTIRE AGREEMENT. . . . . . . . . . . . . . . . . . . . . . . 37  
   
 ARTICLE XXXIII  
 JOINT AND SEVERAL OBLIGATION. . . . . . . . . . . . . . . . . 38  
   
 ARTICLE XXXIV  
 SECURITY INTEREST . . . . . . . . . . . . . . . . . . . . . . 38  
   
 ARTICLE XXXV  
 COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS . . . . . . . . . . 38  
   
 ARTICLE XXXVI  
 SEVERABILITY AND CONSTRUCTION . . . . . . . . . . . . . . . . 38  
   
   
 EXHIBITS:  
   
 "A" LOCATION AND EXCLUSIVE TERRITORY  
   
 "B" GUARANTY  
   
 "C" CONDITIONAL LEASE ASSIGNMENT PROVISIONS  
   
 "D" UNIT FRANCHISE OWNER DEVELOPMENT AGREEMENT  
   
 "E" SUBLEASE AGREEMENT  
   
 "F" TRANSFER OF FRANCHISE TO CORPORATION  
   
 "G" NON-DISCLOSURE AND NON-COMPETITION AGREEMENT  
   
 "H" ADDENDUM TO NEW WORLD AGREEMENT FOR A SATELLITE  
 UNIT   
   
   
   
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 NEW WORLD COFFEE & BAGELS  
   
 UNIT FRANCHISE AGREEMENT  
   
 THIS FRANCHISE AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 19\_\_, by and between New World Coffee & Bagels, Inc. a Delaware corporation  
 with its principal office at 000 Xxxx Xxxxxxxx; Xxx Xxxx, XX 00000  
 (hereinafter referred to as the "Franchisor") and   
 residing at   
 (hereinafter referred to as "Franchisee").  
   
 WITNESSETH:  
   
 WHEREAS, the Franchisor franchises certain specialty food  
 establishments, known as "New World Coffee & Bagels" stores, selling and  
 serving proprietary coffee ("Proprietary Products"), and such non-proprietary  
 products as salads, soups, bagels and beverage items for on-premises and  
 carry-out consumption ("Products"). Such stores are operated under certain  
 trademarks, service marks, logos and other commercial symbols, including  
 without limitation "New World Coffee & Bagels" ("Marks") which are owned by  
 Franchisor, and pursuant to certain confidential information and trade  
 secrets. Such stores are operated with uniform formats, designs, systems,  
 methods, specifications, standards and procedures, all of which may be  
 improved, further developed or otherwise modified from time to time by the  
 Franchisor ("System"); and  
   
 WHEREAS, the Franchisor grants to persons who meet the Franchisor's  
 qualifications and who are willing to undertake the investment and effort to  
 establish and develop a "New World Coffee & Bagels" store franchise and to  
 own and operate such a store, offering the Proprietary Products, Products and  
 services approved by the Franchisor and utilizing the Franchisor's formats,  
 designs, methods, specifications, standards, operating procedures and the  
 Marks; and  
   
 WHEREAS, Franchisee acknowledges that he/she has read this Agreement and  
 the Franchisor's Offering Circular and that he/she understands and accepts  
 the terms, conditions and covenants contained in this Agreement as being  
 reasonably necessary to maintain the Franchisor's high standards of quality  
 and service and the uniformity of those standards at all "New World Coffee &  
 Bagels" stores in order to protect and preserve the goodwill of the Marks;  
 and  
   
 WHEREAS, Franchisee acknowledges that he/she has conducted an  
 independent investigation of the business contemplated by this Agreement and  
 recognizes that, like any other business, the nature of the business  
 conducted by "New World Coffee & Bagels" stores may evolve and change over  
 time, that an investment in a "New World Coffee & Bagels" store involves  
 business risks and that the success of the venture is largely dependent upon  
 the business abilities and efforts of Franchisee; and   
   
 WHEREAS, Franchisee acknowledges that he/she has not received or relied  
 on any representations about the franchise by the Franchisor, or its  
 officers, directors, employees or agents, that are contrary to the statements  
 made in the Franchisor's Offering Circular or to the terms and conditions  
 contained herein, and further represents to the Franchisor, as an inducement  
 to his/her entry into this Agreement, that Franchisee has made no  
 misrepresentations in obtaining the franchise; and  
   
 WHEREAS, Franchisee has applied for a franchise to own and operate a  
 single "New World Coffee & Bagels" store at the premises identified in  
 Article I hereof, and such application has been approved by the Franchisor in  
 reliance upon all of the representations made therein;  
   
 NOW, THEREFORE, for and in consideration of the premises and the mutual  
 premises and covenants hereinafter made, Franchisor and Franchisee do hereby  
 agree as follows:  
   
   
   
 ARTICLE I  
   
 GRANT OF FRANCHISE  
   
 1.1 Subject to the terms and conditions contained herein, the  
 Franchisor hereby grants to Franchisee the right to own and operate a "New  
 World Coffee & Bagels" store at, and only at, the premises approved by the  
 Franchisor in accordance with the provisions of this Agreement (the "Store"),  
 and to use the Marks in the operation thereof.  
   
 1.2 Exhibit "A" attached hereto, requires Franchisee to approve the  
 location of the Store within a specified geographical area (subject to the  
 Franchisor's approval) within one hundred eighty (180) days after the date of  
 this Agreement.  
   
 1.3 It is agreed that the "New World Coffee & Bagels" franchise herein  
 granted is exclusive and the Franchisor hereby covenants with Franchisee  
 that, during the term of this Agreement and all extensions hereof, Franchisor  
 will neither establish a company-owned, nor franchise to any third party a  
 "New World Coffee & Bagels" franchise within Franchisee's trading area  
 (hereinafter referred to as "Exclusive Territory").  
   
 1.4 The franchise location set forth in Exhibit "A" or Franchisee's  
 Exclusive Territory may not be altered or changed by the Franchisee without  
 Franchisor's prior written approval. In the event there is such an approval,  
 the new franchise location, and/or Exclusive Territory shall become the  
 "Franchise Location and/or Exclusive Territory," under the terms of this  
 Agreement.  
   
 1.5 Franchisee hereby acknowledges Franchisor's right to develop and  
 franchise other similar franchises or different franchise systems outside of  
 Franchisee's Exclusive Territory without offering same to the Franchisee.  
   
 1.6 Franchisee further acknowledges that Franchisor will have the right  
 to sell or market its coffee and proprietary products under Franchisor's  
 trademarks, service marks and logos on a wholesale level to institutions and  
 supermarkets inside or outside of Franchisee's Exclusive Territory.  
   
 1.7 Franchisee acknowledges and understands that within Franchisee's  
 Exclusive Territory there may be in existence or there may be developed in  
 the future, what is known as an institutional facility, which would include,  
 without limitation, airports; hospitals; universities; schools; factories;  
 workplace cafeterias; federal or state military bases; theaters (both movie  
 and stage); federal, state or local government buildings and establishments;  
 beaches, parks and other seasonal facilities; and any other such institution  
 ("Institutional Location"). In the event Franchisor is able to sell a  
 franchise for such Institutional Location, then it shall give Franchisee the  
 right of first refusal to purchase the franchise for such Institutional  
 Location. If Franchisee elects not to purchase this Institutional Location,  
 then Franchisor shall have the right to either franchise it to a third party  
 or retain it as a company-owned Store.  
   
 1.7.1 Franchisee acknowledges and understands that an  
 Institutional Location which is in existence or which may be developed in  
 his/her Exclusive Territory may not be available as a franchise to  
 Franchisee. Therefore, Franchisor reserves the right, in its sole  
 discretion, to negotiate a franchise agreement with any institutional feeder,  
 as defined herein, serving an Institutional Location, that is within  
 Franchisee's Exclusive Territory. Institutional feeders are defined as third  
 parties who are entitled (through ownership, license or otherwise) to operate  
 restaurants, cafeterias, lunchrooms, dining rooms, snack bars, lounges,  
 "snack trucks" or other species of food or beverage retail outlet whatsoever,  
 on the premises of an Institutional Location.  
   
 1.8 Franchisee further acknowledges that either Franchisor or its  
 designee, may sell, on a wholesale basis, fresh or packaged products,  
 including, but not limited to, coffee and proprietary products to customers  
   
   
   
 such as supermarkets, groceries, gas stations and convenience stores, within  
 Franchisee's Exclusive Territory, provided, however, that such wholesale  
 sales shall not be made to an establishment which conducts business primarily  
 as a coffee and bagel store.  
   
 ARTICLE II  
   
 DEVELOPMENT AND OPENING OF THE STORE  
   
 Lease of Store Premises:  
   
 2.1 Upon Franchisee's approval, Franchisee shall lease from the prime  
 landlord or sublease from Franchisor or its designee the premises for the  
 Store. The Franchisor shall have the right in its sole discretion, to  
 require:  
   
 A. Franchisee to execute a Single Unit Development Franchise  
 Owner Agreement in the form attached hereto as Exhibit "D";  
   
 B. Franchisee to execute Franchisor's standard sublease for such  
 premises and sign for sublease personally, in the form attached  
 hereto as Exhibit "E" in the event franchisor or its designee  
 executes the lease directly from the prime landlord;   
   
 C. In the event Franchisor does not sublet the premises to  
 Franchisee, Franchisee must conditionally assign the lease for   
 the premises to the Franchisor (with the consent of the lessor,  
 if required). This will be done by conditional lease assignment  
 provisions in the form annexed to Franchise Agreement as Exhibit  
 "C" in order to secure performance of any and all of Franchisee's  
 obligations to the Franchisor;  
   
 D. The lease shall contain substantially the following  
 provisions:  
   
 1. "Anything contained in this lease to the contrary  
 notwithstanding, Lessor agrees that without its consent,   
 this lease and the right, title and interest of the Lessee  
 hereunder may be assigned by the Lessee to New World Coffee  
 & Bagels, Inc., a Delaware corporation or its designee."  
   
 2. "Lessee hereby agrees that Lessor may, upon the written  
 request of New World Coffee & Bagels, Inc., disclose to New  
 World Coffee & Bagels, Inc., all reports, information or   
 data in Lessor's possession respecting sales made in, upon  
 or from the leased premises."  
   
 3. "Lessor shall give written notice to New World Coffee &  
 Bagels, Inc. (concurrently with the giving of such notice to  
 Lessee) of any default by Lessee under the lease and New   
 World Coffee & Bagels, Inc. shall have the right,in its sole  
 discretion, to cure any such default. Such notice shall be  
 sent to New World Coffee & Bagels, Inc., at its New York  
 office, or such other address as New World Coffee & Bagels,  
 Inc. may, from time to time, specify in writing to Lessor."  
   
 2.2 In the event the Franchisor cures any default by Franchisee under  
 such sublease, the total amount of all costs and payments incurred by the  
 Franchisor in effecting such cure shall be immediately due and owing by  
 Franchisee to the Franchisor.  
   
 2.3 Franchisee's execution of a sublease or lease for the location for  
 his/her Store shall constitute acceptance by Franchisee of such location and  
 site and the terms of such sublease or lease and shall constitute a waiver of  
   
   
   
 any claim or rights against the Franchisor relating to Franchisee's choice of  
 such site and location and of the terms of such sublease or lease.  
   
 Development of Store  
   
 2.4 The Franchisor will furnish to Franchisee prototype or protostyle  
 plans and specifications for a "New World Coffee & Bagels" Store reflecting  
 the Franchisor's requirements for dimensions, exterior design, interior  
 design and layout, image, building materials, fixtures, equipment, furniture,  
 signs and decor.  
   
 2.5 Within fifteen (15) days after signing the Single Unit Franchise  
 Owner Development Agreement and having been furnished with the above-  
 described plans and specifications, Franchisee shall do or cause to be done  
 the following:  
   
 A. Make application for preliminary approval for all financing  
 required to fully develop the Store;  
   
 B. Prepare, at Franchisee's expense, and submit to the Franchisor  
 for approval (which approval may be granted or withheld at the  
 Franchisor's sole discretion) any proposed modifications to the  
 Franchisor's prototype or protostyle plans and specifications,  
 which may be modified only to the extent necessary to comply with  
 applicable ordinances, building codes, permit requirements and  
 lease or deed requirements and restrictions, all such  
 modifications being subject to prior notification to, and  
 approval by, the Franchisor;  
   
 C. Obtain and pay for all required building, utility, sign,  
 health, sanitation and business permits and licenses, and any   
 other required permits and licenses;  
   
 2.6 Within seventy-five (75) days from receipt of all permits,  
 construct all required improvements to the premises, purchase and install all  
 required fixtures and equipment and decorate the premises in compliance with  
 plans and specifications approved by the Franchisor; and purchase, in  
 accordance with the Franchisor's specifications and requirements, an opening  
 inventory of proprietary food items, Products, ingredients and other products  
 and supplies required for the opening of the Store.  
   
 2.7 Upon Franchisee's written request, Franchisor shall make all  
 arrangements for the interior build-out of the Store and for the purchase and  
 installation of the equipment discussed in Section 2.8 below, all at  
 Franchisee's sole cost and expense.  
   
 Fixtures, Equipment, Furniture and Signs  
   
 2.8 Franchisee shall use, in the construction and operations of the  
 Store, only those brands, types or models of construction and decorating  
 materials, fixtures, equipment, furniture and signs that the Franchisor has  
 approved for "New World Coffee & Bagels" Stores as meeting its specifications  
 and standards for quality, design, appearance, function and performance.   
 Franchisee further agrees to place or display at the premises of the Store  
 only such signs, emblems, lettering, logos and display materials that are,  
 from time to time, approved in writing by the Franchisor. Franchisee may  
 purchase approved types or models of construction and decorating materials,  
 fixtures, equipment, furniture and signs from any supplier approved or  
 designated by the Franchisor (which may include the Franchisor and/or its  
 affiliates), which approval may not be unreasonably withheld. If Franchisee  
 proposes to purchase any type or model of construction or decorating  
 material, fixture, equipment, furniture or sign not then approved by the  
 Franchisor, and/or any such items from any supplier who is not then approved  
 by the Franchisor, Franchisee shall first notify the Franchisor in writing  
 and shall submit to the Franchisor sufficient specifications, photographs,  
 drawings and/or other information or samples for a determination by the  
 Franchisor of whether such brand or type of construction or decorating  
 material, fixture, equipment, furniture or sign complies with its  
 specifications and standards. The Franchisor may, in its sole discretion,  
   
   
   
 refuse to approve any such item(s) and/or supplier(s) that does not meet the  
 Franchisor's standards or specifications.  
   
 Store Opening  
   
 2.9 Franchisee shall not open the Store for business until:  
   
 A. The Franchisor determines that the Store has been constructed  
 and equipped in accordance with approved plans and specifications  
   
 B. Training of Franchisee and his/her manager(s) has been  
 completed to the Franchisor's reasonable satisfaction;  
   
 C. The Initial Franchise Fee and all other amounts due to the  
 Franchisor under this Agreement and any other related agreements  
 to which he/she is a party have been paid;  
   
 D. The Franchisor has been furnished with copies of all insurance  
 policies required by Article XII hereof, or such other evidence   
 of insurance coverage as the Franchisor requests; and  
   
 E. Franchisor's personnel are available to assist and be present  
 at the opening of the Store if the Franchisor, in its sole  
 discretion, deems it necessary.  
   
 F. Franchisee has purchased his/her opening inventory package  
 from the Franchisor.  
   
 2.10 The Franchisee agrees to have the Store ready to open for business  
 within seventy-five (75) days after receipt of all permits. Final approval  
 by the Franchisor of the opening of the Store shall be given in writing and  
 shall be in the Franchisor's sole discretion. Franchisee agrees to open the  
 Store for business within seven (7) days after receipt of such written notice  
 from Franchisor.  
   
 Relocation of Store  
   
 2.11 If Franchisee's lease or sublease for the premises of the Store  
 terminates without fault of Franchisee, or if the premises are damaged,  
 condemned or otherwise unusable, or if in the reasonable judgment of the  
 Franchisor and Franchisee there is a change in the character of the location  
 of the Store sufficiently detrimental to its business potential to warrant  
 its relocation, the Franchisor shall grant permission to Franchisee for  
 relocation of the Store to a location approved by the Franchisor which may or  
 may not be within the Franchisee's Exclusive Territory. Any such relocation  
 shall be at Franchisee's sole expense and the Franchisor shall have the right  
 to charge Franchisee for costs and expenses incurred by the Franchisor in  
 connection therewith, however, no new franchise fee will be charged. The  
 term of this Agreement shall continue at the new location.  
   
 2.12 Franchisee agrees that in the event of a relocation of the  
 Store, Franchisee shall promptly remove from the first Store premises, and  
 discontinue using for any purposes, any and all signs, fixtures, furniture,  
 posters, furnishings, equipment, menus, advertising materials, stationery  
 supplies, forms and other articles which display any of the Marks or any  
 distinctive features or designs associated with "New World Coffee & Bagels"  
 Stores. Furthermore, Franchisee shall, at his/her expense, immediately make  
 such modifications or alterations as may be necessary to distinguish the  
 first Store so clearly from its former appearance and from other "New World  
 Coffee & Bagels" Stores and to prevent any possibility of confusion therewith  
 by the public (including, without limitation, removal of all distinctive  
 physical and structural features identifying "New World Coffee & Bagels"  
 Stores and removal of all distinctive signs and emblems). Franchisee shall,  
 at his/her expense, make such specific additional changes as the Franchisor  
 may reasonably request for this purpose. If Franchisee fails to initiate  
 immediately or complete such alterations within such period of time as the  
 Franchisor deems appropriate, Franchisee agrees that the Franchisor or its  
 designated agents may enter the premises of the first Store and adjacent  
   
   
   
 areas at any time to make such alterations, at Franchisee's sole risk and  
 expense, without responsibility for any actual or consequential damages to  
 the property of Franchisee or others, and without liability for trespass or  
 other tort or criminal act. Franchisee expressly acknowledges that his/her  
 failure to make such alterations will cause irreparable injury to the  
 Franchisor and consents to entry, at Franchisee's expense, of an ex-parte  
 order by and court of competent jurisdiction authorizing the Franchisor or  
 its agents to take such action, if the Franchisor seeks such an order.   
 Compliance with the foregoing shall be a condition subsequent to the  
 Franchisor's approval of any relocation request by Franchisee, and in the  
 event complete de-identification of the former Store premises is not promptly  
 and completely undertaken, the Franchisor may then revoke its permission for  
 relocation and declare a default under this Agreement pursuant to Article  
 XVII hereof.  
   
 ARTICLE III  
   
 PROPRIETARY MARKS AND GOODWILL  
   
 3.1 When used in this Agreement, "Marks" mean the "New World Coffee &  
 Bagels" and/or "New World Coffee & Bagels" trademark and service xxxx which  
 are used to identify "New World Coffee & Bagels" Stores or Proprietary  
 Products and to distinguish it from that of any other business, and the  
 trademarks, service marks, trade names, logos and commercial symbols as may  
 be designated by the Franchisor from time to time for use in connection with  
 the System.  
   
 3.2 Franchisee is authorized to use the Marks, goodwill and trade  
 secrets in the operation of the "New World Coffee & Bagels" Store only at the  
 location specified in Article I. Nothing in this Agreement shall be  
 construed as authorizing or permitting their use at any other location or for  
 any other purpose except as may be authorized in writing by Franchisor.  
   
 3.3 Franchisee acknowledges that the ownership of all of the Marks,  
 goodwill and trade secrets remains solely with Franchisor and that Franchisee  
 shall not register or attempt to register the Marks or to assert any rights  
 in them other than as specifically granted in this Agreement.  
   
 3.4 At Franchisor's request, Franchisee shall assign, transfer or  
 convey to Franchisor, in writing, all additional rights, if any, that may be  
 acquired by Franchisee as a result of its use of Marks.  
   
 3.5 Franchisee shall only use the Marks, logos, trade styles, color  
 combinations, designs, signs, symbols and slogans of Franchisor, and only in  
 the manner and to the extent specifically permitted by this Agreement or in  
 any manuals, directives or memos (hereinafter collectively referred to as  
 "Confidential Operations Manuals") prepared by Franchisor. Franchisee shall  
 not use any confusingly similar Marks in connection with its franchise or any  
 other business in which it has an interest.  
   
 3.6 Franchisor reserves the right to approve all signs, memos,  
 stationery, business cards, advertising material forms and all other objects  
 and supplies using the Franchisor's Marks. All advertising, publicity, point  
 of sale materials, signs, decorations, furnishings, equipment, or other  
 materials employing the words "New World Coffee & Bagels" shall be in  
 accordance with this Agreement and the Confidential Operations Manuals, and  
 Franchisee shall obtain Franchisor's approval prior to such use.  
   
 3.7 Franchisor reserves the right to adopt new or modified Marks at any  
 time, following notice to Franchisee. In such event and at Franchisor's  
 direction, Franchisee shall adopt, use and display only such new or modified  
 Marks and shall promptly discontinue the use and display of outmoded or  
 superseded marks.  
   
 3.8 Upon the expiration, termination or non-renewal of this Agreement,  
 Franchisee shall immediately cease using Franchisor's Marks, color  
 combinations, designs, symbols or slogans; and Franchisor may cause  
 Franchisee to execute such documents and take such action as may be necessary  
 to evidence this fact. After the effective date of expiration, termination  
 or non-renewal, Franchisee shall not represent or imply that he/she is  
   
   
   
 associated with Franchisor. To this end, Franchisee irrevocably appoints  
 Franchisor or its nominee, to be Franchisee's attorney-in-fact to execute, on  
 Franchisee's behalf, any document or perform any legal act necessary to  
 protect Franchisor's Marks from unauthorized use. Franchisee acknowledges  
 and agrees that the unauthorized use of Franchisor's Marks will result in  
 irreparable harm to Franchisor for which Franchisor may obtain injunctive  
 relief, monetary damages, reasonable attorneys' fees and costs.  
   
 3.9 Franchisee shall immediately notify Franchisor of any apparent  
 infringement of or challenge to Franchisee's use of the Marks, or any claim,  
 demand, or suit based upon or arising from the unauthorized use of, or any  
 attempt by any other person, firm, or corporation to use, without  
 authorization, or any infringement of or challenge to, any of Franchisor's  
 Marks. Franchisee shall immediately notify Franchisor of any other  
 litigation instituted by any person, firm, corporation or governmental entity  
 against Franchisor or Franchisee.  
   
 3.10 Franchisor shall undertake the defense or prosecution of any  
 litigation concerning Franchisee that relates to any of Franchisor's Marks or  
 that, in Franchisor's judgment, may affect the goodwill of the System; and  
 Franchisor may, in such circumstances, undertake any other action which it  
 deems appropriate. Franchisor shall have sole and complete discretion in the  
 conduct of any defense, prosecution or other action it chooses to undertake.   
 In that event, Franchisee shall execute those documents and perform those  
 acts which, in the opinion of Franchisor are necessary for the defense or  
 prosecution of the litigation or for such other action as may be undertaken  
 by Franchisor.  
   
 3.11 In order to develop and maintain high uniform standards of quality  
 and service and to protect the reputation and goodwill of Franchisor,  
 Franchisee shall do business and advertise using only the Marks designated by  
 the Franchisor. Franchisee shall not do business or advertise using any  
 other name. Franchisee is not authorized to and shall not use the words "New  
 World Coffee & Bagels" by itself, as a part of the legal name of any  
 corporation, partnership, proprietorship or other business entity to which  
 Franchisee is associated, or with a bank account, trade account or in any  
 legal or financial connection.  
   
 3.12 In order to preserve the validity and integrity of Franchisor's  
 Marks, and to assure that Franchisee is properly employing them in the  
 operation of Franchisee's business, Franchisor and its agents shall have the  
 right at all reasonable times to inspect Franchisee's business, financial  
 books and records, and operations. Franchisee shall cooperate with and  
 assist Franchisor's representative in such inspection.  
   
 3.13 Franchisee shall be required to affix the or symbol upon all  
 advertising, publicity, signs, decorations, furnishings, equipment or other  
 printed or graphic material employing the words "New World Coffee & Bagels"  
 or any other of Franchisor's Marks, whether presently existing or developed  
 in the future.  
   
 3.14 Franchisee acknowledges that it does not have any right to deny the  
 use of Franchisor's Marks to any other "New World Coffee & Bagels"  
 franchisees. In consideration therefore, Franchisee shall execute all  
 documents and take such action as may be requested to allow Franchisor or  
 other "New World Coffee & Bagels" franchisees to have full use of the Marks.  
   
 3.15 If, during the term of this Agreement, there is a claim of prior  
 use of the "New World Coffee & Bagels" name or any other of Franchisor's  
 Marks in the area in which Franchisee is doing business or in another area or  
 areas, Franchisee shall so use any of Franchisor's Marks in such a way and at  
 Franchisor's discretion in order to avoid a continuing conflict, including  
 but not limited to using a different Xxxx, as determined by Franchisor.  
   
 3.16 The Franchisor shall indemnify and hold Franchisee harmless  
 against, and to reimburse Franchisee for all damages for which he/she is held  
 liable in any proceeding in which Franchisee's use of any Xxxx pursuant to  
 and in compliance with this Agreement is held to constitute trademark  
 infringement, unfair competition or dilution, and for all costs reasonably  
 incurred by Franchisee in the defense of any such claim brought against him  
   
   
   
 or in any such proceedings in which he/she is named as a party, provided that  
 Franchisee has timely notified the Franchisor of such claim or proceedings,  
 has otherwise complied with this Agreement and has tendered complete control  
 of the defense of such to the Franchisor. If the Franchisor defends such  
 claim, the Franchisor shall have no obligation to indemnify or reimburse  
 Franchisee with respect to any fees or disbursements of any attorney retained  
 by Franchisee.  
   
 ARTICLE IV  
   
 TERM AND RENEWAL  
   
 4.1 Except as otherwise provided in this Agreement, the initial term of  
 this "New World Coffee & Bagels" franchise shall be for a period commencing  
 upon the execution of this Agreement (the "Initial Term") and conclude on the  
 tenth (10th) year anniversary of the date of execution of this Agreement or  
 the end of the term of the Lease including Options, whichever is longer.  
   
 4.2 Subject to the conditions specified in Section 4.3 hereof, the  
 Franchisee shall have the right to renew this Agreement for one additional a  
 period of ten (10) years from the date of the expiration of the Initial Term.  
   
 4.3 The Franchisee's right of renewal pursuant to Section 4.2 above  
 shall be subject to the following conditions precedent:  
   
 A. Neither this Agreement nor the lease or sublease agreement  
 shall have been terminated for any reason, and that the lease or  
 sublease is renewable;  
   
 B. The Franchisee shall not be in default of any provision of  
 this Agreement, any amendment hereof or successor hereto, any  
 sublease agreement, or any other agreement between Franchisor or  
 any subsidiary and/or affiliated corporation and Franchisee has  
 substantially complied with all of the terms and conditions of   
 such agreements during their terms;  
   
 C. The Franchisee shall have served notice of his/her intention  
 to exercise his/her right of renewal not less than six (6) months  
 nor more than eighteen (18) months prior to the expiration of the  
 Initial Term;  
   
 D. The Franchisee shall have effected the improvements to his/her  
 "New World Coffee & Bagels" Store and its operations required by  
 the Franchisor pursuant to Section 4.4 below;  
   
 E. The Franchisee has satisfied all monetary obligations due and  
 owing to Franchisor, any subsidiary of Franchisor and/or any  
 affiliated corporations of Franchisor and Franchisee has timely   
 met these obligations throughout the term of this Agreement and   
 any other agreement in effect and any renewals thereof;  
   
 F. Franchisee shall execute, upon renewal, Franchisor's then-  
 current form of Unit Franchise Agreement, which agreement shall  
 supersede this Agreement in all respects and terms, and which may  
 differ from the terms of this Agreement, including, without  
 limitation, a higher royalty fee and higher advertising  
 contribution, but in no event will an Initial Franchise Fee be  
 imposed for any renewal hereof;  
   
 G. Franchisee shall execute a general release, in a form  
 prescribed by Franchisor on any and all claims against Franchisor  
 any subsidiary of Franchisor and/or affiliated corporation of  
 Franchisor, and their respective officers, directors, agents and  
 employees.  
   
   
   
 H. Franchisee shall comply with Franchisor's then-current  
 reasonable qualification and training requirements;  
   
 4.4 Upon receipt of a notice to renew from the Franchisee pursuant to  
 Section 4.2 hereof, the Franchisor shall prepare a renewal report which  
 report shall be completed within three (3) months of the receipt of said  
 notice and shall specify the modifications and improvements and repairs, if  
 any, required by the Franchisor and which Franchisee must make to his/her  
 "New World Coffee & Bagels" Store which must be in conformity with the then  
 existing standards, and specifications pertaining to his/her "New World  
 Coffee & Bagels" Store.  
   
 4.5 The Franchisor expressly reserves the right to deny Franchisee's  
 renewal in the event that Franchisee abandons his/her "New World Coffee &  
 Bagels" Store and or the Franchisee ceases to operate and maintain his/her  
 "New World Coffee & Bagels" Store in accordance with the terms of this  
 Agreement.  
   
 4.6 The Franchisor is not required to renew this Franchise Agreement if  
 the Franchisee has received three default notices during the term hereof.  
   
 ARTICLE V  
   
 INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR  
   
 5.1 In consideration of the execution of this Agreement and  
 Franchisor's granting to Franchisee the "New World Coffee & Bagels" franchise  
 covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise  
 Fee of Twenty-Five Thousand ($25,000) Dollars (the "Initial Franchise Fee").   
 Fifteen Thousand ($15,000) Dollars is payable upon the execution of this  
 Agreement and the balance of Ten Thousand ($10,000) Dollars is payable upon  
 the earlier of the execution of a sublease, lease or Exhibit "D" hereof or  
 one hundred and eighty (180) days from the date hereof. This sum shall be  
 deemed fully earned by Franchisor upon execution of a lease or a sublease by  
 Franchisee and is non-refundable, except as described below.  
   
 If, however, within the one hundred and eighty (180) day period  
 from the date hereof, the Franchisor has located an acceptable site and  
 Franchisee rejects this site, the Franchisor shall have the option to  
 terminate this Agreement and refund, without interest, all but $2,500 of the  
 Initial Franchise Fee.  
   
 5.2 In consideration of this franchise granted hereby, the services to  
 be provided by Franchisor hereunder, the right to prepare and sell the  
 certain Proprietary Products and the Products to the general public, and for  
 the use of the Marks during the term hereof and any subsequent renewals,  
 Franchisee shall pay to Franchisor, in addition to the Initial Franchise Fee  
 set forth herein, a royalty fee equal to five percent (5%) of the gross sales  
 generated by, from, or through the Franchisee's "New World Coffee & Bagels"  
 Store ("Royalty Fee").  
   
 5.3 The term "Gross Sales" as used herein is defined to mean receipts  
 from gross sales of Franchisee from all business conducted upon or from the  
 "New World Coffee & Bagels" Store by Franchisee and whether such sales be  
 evidenced by check, credit, charge account, exchange or otherwise, and shall  
 include, but not be limited to, the amounts received from the sale of goods,  
 wares and merchandise and for services performed at the leased premises  
 whether such orders be filled from the leased premises or elsewhere, and  
 whether such sales be made wholesale or retail. Gross Sales shall not  
 include sales for which cash has been refunded, or allowances made on  
 Products claimed to be unsatisfactory, provided they shall have been included  
 in gross sales. All sales must be rung in the register at the time they  
 occur and reported in weekly sales reports. Gross sales shall not include  
 the amount of any sales, use or gross receipts tax imposed by any federal,  
 state, municipal or governmental authority directly on sales and collected  
 from customers, provided that the amount thereof is added to the selling  
 price or absorbed therein and paid by the Franchisee to such governmental  
 authority. Each charge or sale upon credit shall be treated as a sale for  
 the full price in the week during which such charge or sale shall be made,  
 irrespective of the time when Franchisee shall receive payment (whether full  
 or partial) therefor.  
   
   
   
   
 5.4 Royalty Fees are due and payable on the Wednesday of each week,  
 which week shall end on the preceding Sunday ("Payment Date").  
   
 5.5 Royalty Fees or any and all other payments provided for in this  
 Agreement not received by Franchisor within three (3) days of the Payment  
 Date shall be subject to interest on a daily basis at one and one-half  
 percent (1 1/2%) per month, or the then highest legal rate, whichever is   
 less.  
   
 5.6 Acceptance by Franchisor of the payment of any Royalty Fee or any  
 and all other payments provided for in this Agreement shall not be conclusive  
 or binding on Franchisor with respect to the accuracy of such payment until  
 two (2) years after the effective date of termination or non-renewal of this  
 Agreement. Acceptance of any payment on account of Royalty Fees or any and  
 all other payments provided for in this Agreement does not constitute any  
 waiver of Franchisor's rights under Article XVIII hereof.  
   
 5.7 Franchisee's obligations for the full and timely payment of the  
 Royalty Fees and all other amounts provided for in this Agreement shall be  
 absolute, unconditional and fully earned by Franchisor, except in those  
 instances where Franchisor is in breach hereunder and has failed to cure such  
 breach although obligated to do so. Franchisee shall not delay or withhold  
 the payment of all or any part of the fees for any reason, put the same in  
 escrow or set-off same against any and all claims or alleged claims  
 Franchisee may allege against Franchisor.  
   
 5.8 At Franchisor's option, Franchisee shall authorize Franchisor, on  
 a form to be signed by Franchisee, to debit from Franchisee's business  
 operating account, any funds due and payable to Franchisor. Under this  
 procedure, Franchisee shall authorize Franchisor to initiate debit entries  
 and/or credit collection entries to a designated checking or savings account  
 for the weekly payment of any fees due and payable to Franchisor, which fees  
 shall include, but not be limited to royalty fees, advertising fees and  
 product purchases. Franchisee shall make the funds available for withdrawal  
 by electronic transfer by Franchisor on the Wednesday of each week.  
   
 ARTICLE VI  
   
 TRAINING AND COMMENCEMENT OF BUSINESS  
   
 6.1 During the time period prior to the opening of Franchisee's "New  
 World Coffee & Bagels" Store, Franchisee and his/her manager, if any, shall  
 attend Franchisor's initial training program, which shall be conducted at  
 Franchisor's headquarters or at an alternate location and at Franchisee's  
 Store, and complete said training course to Franchisor's satisfaction.   
 Franchisee shall be responsible for all travel and living expenses which  
 Franchisee and his/her manager incur in connection with the initial training  
 program. During the training program, Franchisee shall receive instruction,  
 training and education in the operation of the "New World Coffee & Bagels"  
 Store and indoctrination into the System.  
   
 6.1.l In the event Franchisee purchases additional Stores, the  
 above initial training program shall be attended by the Franchisee's  
 designated and approved Store manager.  
   
 6.2 Franchisee may attend such periodic refresher and supplemental  
 training programs or meetings at such locations as Franchisor may from time  
 to time direct. All expenses of Franchisee incurred in connection with  
 attendance at any such refresher or supplemental training programs or  
 meetings shall be borne solely by Franchisee.  
   
 6.3 Franchisee shall maintain at all times during the term of this  
 Agreement or any renewal thereof, a staff of trained employees sufficient to  
 operate the "New World Coffee & Bagels" Store in accordance with this  
 Agreement and the Franchisor's standards. Franchisee shall not employ any  
 person who may reasonably be required by Franchisor to complete a training  
 program but who fails to do so for any reason whatsoever.  
   
   
   
   
 ARTICLE VII  
   
 OBLIGATIONS OF FRANCHISOR  
   
 7.1 In order to assist Franchisee in constructing his/her "New World  
 Coffee & Bagels" Store, Franchisor shall furnish to Franchisee a set of  
 prototypical plans and specifications for the Franchisees approved "New World  
 Coffee & Bagels" Store, including requirements for exterior and interior  
 design, layout, equipment and sign placement and decor scheme, all as  
 included in the System.  
   
 7.2 Franchisor may assist Franchisee in Franchisee's selection of, and  
 contracting with appropriate architects, engineers, contractors, and  
 subcontractors for construction of all leasehold improvements at Franchisee's  
 "New World Coffee & Bagels" Store in accordance with the plans and  
 specifications approved by Franchisor.  
   
 7.3 Franchisor shall make available to Franchisee any further  
 assistance that Franchisor may deem is required, based on the experience and  
 judgment of Franchisor in pre-opening, opening and initial business operation  
 of the Franchisee's "New World Coffee & Bagels" Store, which assistance shall  
 conform to that furnished to other existing franchisees. Such assistance  
 will include providing Franchisee with the services of one (1) employee of  
 the Franchisor for no more than seven (7) days for supervisory assistance and  
 guidance in connection with the opening and initial operations of the Store.   
 The Franchisor shall have the right to determine the time or times at which  
 such employee shall be made available to Franchisee.  
   
 7.4 Franchisor shall assist Franchisee in implementing and designing  
 his/her grand opening promotions and advertising program.  
   
 7.5 Franchisor shall maintain an advisory relationship with Franchisee  
 including ongoing telephone consultation to aid in the proper and effective  
 operation of the System, the frequency and duration of which shall be in the  
 sole discretion of Franchisor. Such operating assistance may consist of  
 advice and guidance with respect to:  
   
 A. Methods and operating procedures utilized by "New World Coffee  
 & Bagels" Stores;  
   
 B. Additional food and beverage products and services authorized  
 for sale by "New World Coffee & Bagels" Stores;  
   
 C. Selection, purchasing and preparation of food products,  
 beverages and other approved products, materials and supplies;and  
   
 D. The establishment and operation of administrative,  
 bookkeeping, accounting, inventory control, sales and general  
 operating procedures for proper operation of "New World Coffee &  
 Bagels" Stores.  
   
 7.6 Franchisor or its designees or agents shall visit and inspect, from  
 time to time, Franchisee's "New World Coffee & Bagels" Store and evaluate the  
 proper execution of the System, and confer with Franchisee and Franchisee's  
 employees in connection therewith in order to assist in the proper business  
 operation of Franchisee's "New World Coffee & Bagels" Store. Franchisor or  
 its designees or agents shall have the absolute right to make inspections at  
 such times and frequencies, during normal business hours, as Franchisor may  
 determine. Franchisee will cooperate with Franchisor's representatives in  
 such inspections, render such assistance to them as they may reasonably  
 request and immediately correct any failure to comply with the System and  
 this Agreement as brought to Franchisee's attention by such representative.  
   
   
   
 7.7 Franchisor shall use its reasonable efforts to require maintenance  
 of high and uniform standards in the execution of the System at all "New  
 World Coffee & Bagels" Stores utilizing the System thus protecting and  
 enhancing the reputation of Franchisor and its Marks.  
   
 7.8 In order to insure that the distinguishing characteristics of the  
 System are uniformly maintained, Franchisor may establish from time to time,  
 standards for certain proprietary food items, products, equipment,  
 commodities and supplies for the use of same by Franchisee in the execution  
 of the System and may, in conjunction therewith develop new proprietary food  
 items, products, programs and develop new equipment and new techniques which  
 Franchisee shall be required to use and/or purchase in the operation of  
 his/her "New World Coffee & Bagels" Store. The purchase of any new equipment  
 will not materially increase the economic burden of Franchisee.  
   
 7.9 Neither Franchisor's approval of a specific location for  
 Franchisee's "New World Coffee & Bagels" Store, nor any other service  
 provided by Franchisor pursuant to this Article shall be deemed a  
 representation, warranty or judgment by Franchisor as to the likely success  
 of the Franchisee's "New World Coffee & Bagels" Store at such location with  
 the specified personnel or as to the relative desirability of such location  
 in comparison to others that might have been available to Franchisee.  
   
 7.10 Franchisor or its designees shall sell to Franchisee all of  
 Franchisee's requirements of the Proprietary Products, as is set forth in  
 Article VIII hereof, unless prevented from so doing by Force Majeure,  
 governmental restrictions, labor disputes, inability to obtain or manufacture  
 supplies, or products, or other contingency or situation, that is beyond  
 Franchisor's control. Under these circumstances, the Franchisor will not be  
 responsible or liable for any business losses or interruption, and  
 Franchisee, during these situations, may seek alternate, but approved,  
 sources of supply, provided such products meet Franchisor's specifications as  
 to quality and availability.  
   
 ARTICLE VIII  
   
 ADDITIONAL OBLIGATIONS AND DUTIES OF FRANCHISEE  
   
 8.1 Franchisee or a designated and approved manager, shall, during the  
 term of this Agreement and any renewal thereof, devote full time, energy and  
 best efforts to the management and operation of the "New World Coffee &  
 Bagels" Store franchised hereunder, except as otherwise approved in writing  
 by Franchisor, including, but not limited to keeping "New World Coffee &  
 Bagels" Store operating and open for business at the times specified in the  
 Confidential Operations Manuals or as required by Franchisee's lease or  
 sublease.  
   
 8.2 Franchisee shall maintain, at his/her own expense, at all times,  
 the interior and exterior of his/her "New World Coffee & Bagels" Store and  
 all fixtures, furnishings, signs and equipment in the highest degree of  
 cleanliness, orderliness, sanitation and repair, as determined by Franchisor,  
 and to make no material alteration, addition, replacement or improvement in  
 or to, the interior or exterior of the "New World Coffee & Bagels" Store  
 without the prior written consent of Franchisor, except that Franchisee shall  
 be required to periodically renovate, refurbish and update his/her "New World  
 Coffee & Bagels" Store so that it is in substantial conformity with the  
 Franchisor's then-current "New World Coffee & Bagels" Store design, which  
 renovations shall not be excessive and shall not exceed 25% of the original  
 cost of construction of the Store.  
   
 8.3 Franchisee acknowledges and agrees that the Proprietary Products  
 produced by the Franchisor are produced and manufactured in accordance with  
 secret formulae and processes, that these particular Proprietary Products are  
 uniquely suited for distribution and sale at "New World Coffee & Bagels"  
 Stores and, in the mind of the public, are inextricably interrelated to the  
 Marks, and in order to safeguard the integrity of the Marks and to maintain  
 the uniformity of these Proprietary Products, Franchisee agrees that he/she  
 shall purchase from Franchisor or from sources designated by Franchisor,  
 his/her entire requirements of the Proprietary Products offered for  
 consumption to any purchaser as set forth in the Confidential Operations  
   
   
   
 Manuals. Franchisee shall purchase such requirements from Franchisor or its  
 designee, at prices reasonably set by Franchisor, or by its designee, which  
 prices shall be charged to all franchisees, subject to Franchisor or its  
 designee having the right, but not the obligation, to increase or decrease  
 the price charged in the event that any of the cost of the items increase or  
 decrease during the term of this Franchise Agreement, provided such increases  
 or decreases are passed along to all franchisees, without discrimination.   
 Franchisee agrees to rely solely on Franchisor's, or its designee's  
 determination of price from time to time. Payment, therefore, shall be made  
 by Franchisee to Franchisor or its designee upon terms and conditions  
 established by Franchisor or its designee, from time to time.  
   
 8.4 Franchisee agrees to allow Franchisor, from time to time, to obtain  
 and take samples of ingredients, products and supplies from Franchisee's "New  
 World Coffee & Bagels" Store for testing by the Franchisor in order to assure  
 that Franchisee complies with Franchisor's reasonable standards and  
 specifications.  
   
 8.5 Franchisee agrees to maintain a high moral and ethical standard in  
 the operation and conduct of his/her "New World Coffee & Bagels" Store so as  
 to create and maintain goodwill among the public for the name "New World  
 Coffee & Bagels" and supervise and evaluate the performance of his/her staff  
 to insure that each renders competent, efficient and quality service to the  
 general public.  
   
 8.6 Franchisee recognizes that it is essential to the proper marketing  
 of the Proprietary Products and to the preservation and promotion of the "New  
 World Coffee & Bagels" reputation and acceptance by the public at large, that  
 standards of quality be maintained. Franchisee therefore shall, as part of  
 the consideration for this Agreement, at all times sell, to retail customers  
 only, or offer for sale to retail customers, only the Proprietary Products  
 and Products and render only such services as shall meet the reasonable  
 specifications and standards from time to time approved in writing by  
 Franchisor, as permitted by law, and as permitted under the lease or  
 sublease. In furtherance thereof, Franchisee shall be required to purchase  
 from Franchisor or its designee, any new "New World Coffee & Bagels"  
 Proprietary Products, which may be introduced, from time to time, by  
 Franchisor and be required to offer same to the consuming public for its  
 consumption, this may include, but is not limited to, utilization of delivery  
 service or a catering division.  
   
 8.7 In connection with the operation of the Franchisee's "New World  
 Coffee & Bagels" Store, the Franchisee is required to purchase certain items  
 of equipment, if applicable, and also certain containers, packaging supplies,  
 paper goods and other product service items for the preparation and serving  
 of the Proprietary Products. To the extent that Franchisor is able to supply  
 the same, Franchisee shall have the right to purchase the same if he/she so  
 desires from Franchisor, at prices established by Franchisor from time to  
 time. Franchisee's obligations under this Section 8.7 shall be satisfied so  
 long as Franchisee equips his/her "New World Coffee & Bagels" Store and keeps  
 it maintained in accordance with Franchisor's strict specifications and  
 standards for the items. In the event that Franchisee desires to purchase  
 containers, packaging supplies, paper goods and product service items from  
 sources other than Franchisor, Franchisor shall, without charge, make a  
 license available to such other sources of such products to print the  
 required name, trademarks, and text thereon, but in no event shall Franchisee  
 be entitled to use any containers, packaging supplies, paper goods and other  
 product service items at his/her "New World Coffee & Bagels" Store which do  
 not duplicate those authorized by the Franchisor for use in connection with  
 the service of the Proprietary Products and before use of any such items,  
 Franchisee shall have requested in writing and obtained Franchisor's written  
 approval to have the required name, trademark, and text printed thereon in  
 the form and style directed by Franchisor, and also have had the same so  
 imprinted on the goods prior to using them.  
   
 8.8 In connection with the operation of his/her "New World Coffee &  
 Bagels" Store, the Franchisee is required to purchase certain other food  
 products, beverages and other similar products and other items offered for  
 consumption to the retail purchaser as set forth in the Confidential  
 Operations Manual. Franchisee's obligation under this Section 8.8 shall be  
 satisfied so long as Franchisee purchases the stated products from sources of  
 supply approved by Franchisor, subject to same meeting the strict  
 specifications of Franchisor which may be changed, modified or updated from  
 time to time. Nothing herein shall be construed as an attempt to  
 unreasonably limit the sources from which Franchisee may procure such food  
 products, beverages, products and similar other items. Rather, it is the  
   
   
   
 intention of the Franchisor that such items conform to the Franchisor's  
 strict standards and strict specifications of consistent quality and  
 uniformity. Nothing contained herein shall be deemed to require the  
 Franchisor to approve an inordinate number of suppliers of a given item  
 which, in the reasonable judgment of the Franchisor, would result in higher  
 costs generally to the Franchisee or prevent effective and economical  
 supervision of suppliers by the Franchisor. Requests for approval of  
 additional suppliers shall be in writing and shall contain such information  
 as the Franchisor may reasonably request. The Franchisor reserves the right  
 to charge back to the Franchisee or the proposed supplier, all reasonable  
 expenses incurred in considering requests for approval. Franchisor shall,  
 within a reasonable time, notify Franchisee whether or not such proposed  
 supplier is approved. The Franchisor may impose limits on the number of  
 suppliers for any ingredient or food or beverage item used or served by the  
 Store.  
   
 8.9 Franchisee acknowledges that in purchasing or leasing supplies,  
 equipment and/or materials from Franchisor or from suppliers approved by  
 Franchisor, FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS  
 AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATIONS, EXPRESS OR  
 IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE.  
 FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OF SAME IN THE EVENT OF  
 ANY DEFECTS THEREIN. The foregoing shall not apply to the Proprietary  
 Products or to supplies, equipment or materials purchased directly from the  
 Franchisor.  
   
 8.10 The Franchisor possesses certain confidential information,  
 consisting of the ingredients, recipes and methods of preparation of food  
 products sold at "New World Coffee & Bagels" Stores and the methods, formats,  
 recipes, specifications, food preparation procedures, know-how information,  
 and knowledge of the operation and franchising of "New World Coffee & Bagels"  
 Stores (the "Confidential Information"). The Franchisor will disclose the  
 Confidential Information to Franchisee in furnishing Franchisee the training  
 programs, the Confidential Operations Manual and in guidance provided to  
 Franchisee during the term of the Franchise. Franchisee acknowledges and  
 agrees that he/she will not acquire any interest in the Confidential  
 Information, other than the right to utilize it in the development and  
 operation of the "New World Coffee & Bagels" Store during the term of the  
 this Agreement or any renewals thereof. Franchisee acknowledges and agrees  
 that the Confidential Information is proprietary and is a trade secret of the  
 Franchise, and is disclosed to Franchisee solely on the condition that  
 Franchisee agrees that he/she: (1) will not use the Confidential Information  
 in any other business or capacity; (2) will maintain the absolute  
 confidentiality of the Confidential Information during and after the term of  
 the Franchise; and (3) will not make unauthorized copies of any portion of  
 the Confidential Information disclosed in written form; and (4) will execute  
 the Non-Disclosure and Non-Competition Agreement annexed hereto us Exhibit  
 "G".   
   
 8.11 Franchisee shall only sell or offer for sale, such products as  
 described in the prime lease, and which are defined as Proprietary Products  
 by the Franchisor, from time to time; and Franchisee must obtain Franchisor's  
 written approval for all contemplated menu changes and all additions to  
 and/or deletions in items sold in the Franchisee's "New World Coffee &  
 Bagels" Store with the exception of the Proprietary Products, which, under no  
 circumstances, may be substituted for or replaced on the menu.  
   
 8.12 Franchisee shall comply with all the terms, conditions,  
 requirements, covenants and obligations set forth in this Agreement and any  
 renewals thereof and supply Franchisor with such information (in addition to  
 that otherwise provided for in this Agreement) as may be reasonably requested  
 by Franchisor.  
   
 8.13 Franchisee shall use a standard menu and menu format as required by  
 Franchisor. Franchisee may employ any reputable printer to reproduce  
 Franchisee' menus using Franchisor's format and specifications. This  
 provision shall not constitute a license of any copyright or trademark to the  
 prospective printer of such menus. Any changes in the menu used at the "New  
 World Coffee & Bagels" Store shall be approved in writing by Franchisor prior  
 to use. At the Franchisor's discretion the standard menu format may contain  
 advertising reference to other "New World Coffee & Bagels" Stores.  
   
   
   
   
 8.14 Franchisee shall promptly pay, when due, all taxes levied or  
 assessed, including, without limitation federal income taxes, sales taxes,  
 unemployment taxes and all indebtedness attributed to Franchisor and incurred  
 by Franchisee in the conduct of the business licensed by this Agreement,  
 including any taxes levied upon Franchisor by virtue of Franchisee's use of  
 the Marks.  
   
 8.15 Franchisee shall comply with all federal, state and local laws,  
 rules and regulations; and shall timely obtain any and all permits,  
 certificates, or licenses necessary for the full and proper conduct of the  
 business licensed by this Agreement, including, without limitation, operation  
 licenses, licenses to do business and fictitious name registration.  
   
 8.16 Franchisee shall notify Franchisor, in writing, within five (5)  
 days of the commencement of any action, claims, suit or proceeding, and of  
 the issuance of any order, writ, injunction, suit or proceeding, and of the  
 issuance of any order, writ, injunction, award or decree of any court, agency  
 or other governmental instrumentality which may adversely affect the  
 operation or financial condition of the Store.  
   
 8.17 Franchisee shall not pledge Franchisor's credit or bind Franchisor  
 to any obligation, nor shall it hold himself or herself out as being  
 authorized to do so.  
   
 8.18 Franchisee shall be responsible for having all personnel employed  
 by Franchisee wear standard related uniforms and attire during business hours  
 in order to further enhance Franchisor's product and format. Franchisee  
 shall be permitted to purchase such uniforms and attire from manufacturers or  
 distributors approved by Franchisor, which uniforms and attire must be in  
 strict accordance with Franchisor's design and other specifications.  
   
 8.19 Franchisor and Franchisee understand and agree that the operation  
 of the "New World Coffee & Bagels" Store, maintenance of its premises and  
 equipment, conduct and appearance of its personnel, and the preparation and  
 sale of products therefrom are all regulated by governmental statutes and  
 regulations. To this end, the Franchisor and Franchisee agree that  
 Franchisee owes an obligation to the patrons of his/her "New World Coffee &  
 Bagels" Store, to Franchisor, and to himself/herself, to fully and faithfully  
 comply with all those applicable governing authorities, and all of the same,  
 are made a part of this Franchise Agreement as if fully set forth herein. It  
 is further agreed that in the event any product dispensed at the Franchisee's  
 "New World Coffee & Bagels" Store evidence adulteration from the standards of  
 Franchisor's Proprietary Products or are in violation of applicable law or  
 regulations or in the event the Proprietary Products, premises, equipment,  
 personnel or operation of the "New World Coffee & Bagels" Store fail to be  
 maintained in accordance with the governmental requirements incorporated in  
 this Agreement as aforesaid, Franchisee shall immediately close his/her "New  
 World Coffee & Bagels" Store, terminate selling operations thereat, destroy  
 all contaminated or adulterated products and eliminate the source thereof and  
 remedy all unsanitary conditions present, reopening for business only after  
 Franchisor's inspection and laboratory analysis from samples obtained for  
 that purpose by Franchisor, evidence a compliance with the applicable  
 governmental requirements and with the standards of Franchisor's proprietary  
 products. In the event Franchisee or his/her agents or employees fail or  
 refuse to comply with all of the foregoing remedial measures or in the event  
 of any repetition of any adulteration or palming off or failure of sanitation  
 in the "New World Coffee & Bagels" Store:  
   
 A. The prevailing party shall be paid the costs and expenses,  
 including attorney's fees, of both parties, incurred in enforcing  
 the provisions of this Subsection or any provision of this  
 Agreement in obtaining Franchisee's compliance herewith. The  
 remedies set forth herein are in addition to and not in  
 substitution for those set forth in Article XIX of this Agreement  
   
 B. In furtherance of the foregoing, Franchisee shall submit  
 copies of all health, sanitation or other regulatory agency  
 inspection reports to Franchisor immediately upon receipt thereof  
   
 8.20 The Franchisor may, from time to time, conduct market research and  
 testing to determine consumer trends and the salability of new food products  
 and services. Franchisee shall cooperate by participating in the Franchisor's  
   
   
   
 market research programs, test marketing of new food products and services in  
 the Store and providing the Franchisor with timely reports and other relevant  
 information regarding such market research. In connection with any such test  
 marketing, Franchisee shall purchase a reasonable quantity of the tested  
 products and effectively promote and make a reasonable effort to sell such  
 products.  
   
 8.21 Franchisee shall be absolutely prohibited from having any vending  
 machines, lottery games or games of chance, juke boxes, gum or candy  
 machines, games, pinball machines, video games, rides or other mechanical or  
 electronic devices installed or operated at the Store.  
   
 ARTICLE IX  
   
 MARKETING AND PROMOTIONAL ACTIVITIES  
   
 9.1 The Franchisee is required to spend four (4%) of gross sales on  
 marketing, including local store marketing, advertising, and public  
 relations.  
   
 A. Recognizing the value of uniform advertising to the  
 goodwill and public image of all "New World Coffee & Bagels"  
 Stores, once there are twenty-five (25) franchises sold, the  
 Franchisee shall contribute to the marketing fund ("Marketing  
 Fund") on a weekly basis simultaneously with the payment of the  
 Royalty Fee required to be paid, pursuant to Section 5.2 of this  
 Agreement, a sum equal to two (2%) percent of gross sales  
 ("Marketing Fee") which shall count towards two (2%) percent of the  
 Franchisee's required marketing spending as required above. Such  
 payments shall be for such marketing, advertising or public  
 relations programs as the Franchisor, in its discretion, may deem  
 necessary or appropriate markets to advertise or promote "New World  
 Coffee & Bagels" Stores.  
   
 9.2 Franchisee agrees that Franchisor may maintain and administer the  
 Marketing Fund for the System subject to the following conditions:  
   
 A. Franchisor shall direct all advertising programs with sole  
 discretion over creative concepts, materials and media used in   
 such programs and the placement and allocation thereof;  
   
 B. Franchisor shall determine the best method to maximize public  
 recognition and acceptance of the "New World Coffee & Bagels"  
 System and Marks;  
   
 C. Franchisor will use good faith efforts to develop, implement  
 or administer the Marketing Fund to make expenditures for  
 Franchisee, which are equivalent or proportionate to his  
 contribution, and to ensure that any particular Franchisee   
 benefits directly or pro rata from the placement of advertising;  
 and  
   
 D. Franchisee agrees that the Marketing Fund may be used to meet  
 any and all costs of preparing national, regional or local  
 advertising materials, including, without limitation, the cost of  
 preparing and conducting television, radio, billboard, magazine  
 and newspaper advertising campaigns and other public relations   
 and media programs and activities; employing advertising agencies  
 to assist therewith; and providing promotional brochures and   
 other marketing materials to all franchisees throughout the "New   
 World Coffee & Bagels" System and to regional and local  
 advertising cooperative of "New World Coffee & Bagels" Stores.  
   
 9.3 All sums paid by Franchisees to the Marketing Fund shall be  
 maintained in a bank account segregated from the other funds of Franchisor  
 and shall not be used to defray any of Franchisor's general operating  
 expenses, but may be used to defray administrative costs of the Marketing  
 Fund. An annual accounting of the Marketing Fund shall be made available to  
 Franchisee upon request.  
   
 9.4 The form, content, time and medium for all advertising and  
 promotional activities conducted pursuant to this Article shall be  
 determined by Franchisor in its sole and absolute discretion, and  
 Franchisee agrees to permit Franchisor to use its discretion in conducting  
 all advertising.  
 9.5 Franchisee shall spend no less than $2,000-$5,000 to conduct a  
 grand opening advertising campaign, grand opening promotion and advertising  
 program within (4) four weeks of the opening of the Store.  
   
 9.6 Franchisee understands and acknowledges that every detail of the  
 "New World Coffee & Bagels" System is important to Franchisor, to the  
 Franchisee and to other franchisees, in order to develop and maintain high  
   
   
   
 standards of cleanliness, appearance, service, facilities, methods and  
 management techniques of operations to develop and increase patrons for all  
 "New World Coffee & Bagels" Stores, and to protect and enhance the reputation  
 and goodwill of Franchisor and all franchisees utilizing the system.   
 Therefore, Franchisee:  
   
 A. Acknowledges that periodic rebates, give-aways and other  
 promotions and programs are an integral part of the "New World  
 Coffee & Bagels" System. Accordingly, Franchisee at its sole  
 cost and expense, from time to time, shall, issue and offer such  
 rebates, give-aways and promotions in accordance with any  
 reasonable advertising programs established by the Franchisor,  
 and further agrees to honor rebates, give-aways and other   
 promotions issued by other "New World Coffee & Bagels"  
 franchisees as long as all of the above do not contravene  
 regulations and laws of appropriate governmental authorities;  
   
 B. Shall make such refunds as are required by reason of  
 complaints to the Better Business Bureau or other similar offices  
 or organizations. Franchisee shall immediately inform and forward  
 from patrons or others all complaints to Franchisor;  
   
 C. Shall make customer service comment cards available to the  
 consumers on a daily basis, and retain same for inspection by  
 Franchisor.  
   
 D. Shall make "Franchises Available" cards available to  
 consumers.  
   
 9.7 In addition to making the Marketing Fund contributions when  
 required under this Section, Franchisee must participate in local advertising  
 cooperatives which shall be administered locally by the participating  
 franchisee. All activities carried on by each such cooperative shall be done  
 by a majority vote of its members.   
   
 9.8 Prior to use by Franchisee, samples of all local advertising and  
 promotional materials not prepared or previously approved by the Franchisor  
 shall be submitted to the Franchisor for approval, which shall not be  
 unreasonably withheld. If written approval, is not received by Franchisee  
 within fifteen (15) days from the date of receipt by the Franchisor of such  
 materials, the Franchisor shall be deemed to have not given the required  
 approval. Franchisee shall not use any advertising or promotional materials  
 that the Franchisor has disapproved. Franchisor may withhold approval of  
 previously approved materials at its discretion.  
   
 9.9 In the event Franchisor receives any rebates from food or beverage  
 suppliers, those monies will be directed to the Marketing Fund for the  
 benefit of all Franchisees.  
   
 ARTICLE X  
   
 REPORTS TO FRANCHISOR  
   
 10.1 Franchisee shall keep full, complete and accurate books and  
 accounts in accordance with generally accepted accounting principles and in  
 accordance with the System, and Franchisee shall:  
   
 A. Submit to Franchisor concurrently with the payment of the  
 Royalty Fees, on a form supplied or approved by Franchisor, a  
 signed and verified statement of gross sales in cash, credit and/  
 or other charges, and when Franchisee is tied into the   
 computerized POSitouch system, then such reports shall be   
 transmitted electronically and also via written report;  
   
 B. Submit to Franchisor within fifteen (15) days after the close  
 of each month, a monthly profit and loss statement for the Store  
 and a balance sheet for that period. These monthly reports shall  
 be certified by the Franchisee as true and correct.  
   
   
   
 C. Submit to Franchisor within ninety (90) days after the close  
 of each twelve (12) month period, an annual profit and loss  
 statement for the Store for such year and a balance sheet for the  
 Store, as of the end of such year, reviewed by an independent  
 certified public accountant. Franchisor may randomly select a  
 franchisee or franchisees who will be required to have an audited  
 financial statement prepared by a certified public accountant  
 selected by Franchisee, but who shall be acceptable to Franchisor  
 which opinion may be qualified only to the extent reasonably  
 acceptable to the Franchisor;  
   
 D. Submit to Franchisor a copy of all of Franchisee's Federal,  
 State and Local tax returns for the Store; and a certificate from  
 said accountant that all Social Security payments, taxes and fees  
 required to be paid by Franchisee have been paid and that there   
 is no reason to believe that Franchisee's corporate status, if  
 Franchisee is a corporation, has been impaired;  
   
 E. Submit to Franchisor such other periodic forms and reports as  
 may be reasonably prescribed by Franchisor.  
   
 10.2 Franchisee shall preserve for a period of not less than three (3)  
 years during the term hereof and, for not less than three (3) years following  
 the termination, expiration or non-renewal hereof, in the English language,  
 all accounting records and supporting documents relating to the operations  
 under this Agreement, or any sublease between Franchisee, including but not  
 limited to:  
   
 A. Daily cash reports;  
 B. Cash receipts journal and general ledger;  
 C. Cash disbursements and weekly payroll journal and schedule;  
 D. Monthly bank statements, daily deposit slips and canceled  
 checks;  
 E. All tax returns;  
 F. Supplier's invoices (paid and unpaid);  
 G. Dated daily and weekly POSitouch journal and "Z" statements;  
 H. Semi-annual balance sheets and monthly profit and loss  
 statements;  
 I. Daily xxxxx'x schedule, waste, employee and Franchisee  
 consumption and weekly inventory records;  
 J. Records of promotion and coupon redemptions;  
 K. Records of all wholesale and catering sales;  
 L. Such other records as Franchisor may from time to time  
 request.  
   
 10.3 Franchisee shall record, in a manner approved and designated by  
 Franchisor at the time of receipt, all sales of all products sold by  
 Franchisee from his/her "New World Coffee & Bagels" Store in a computerized  
 POSitouch System of a type designated by Franchisor. The system is a  
 required part of New World Coffee & Bagels operations.  
   
 10.4 In order to determine whether Franchisee is complying with this  
 Agreement, the Franchisor or its designated agents shall have the right, at  
 any time during reasonable business hours, to examine, at its expense, the  
 books, records, cash control devices, income tax returns, bank statements,  
 sales records of the Store, and the books and records of any corporation or  
 partnership which owns the Franchise. Franchisor shall also have the right,  
 at any time, to have an independent audit made of the books of Franchisee.   
 If an inspection or audit should reveal that gross sales and/or payments have  
 been understated in any report to Franchisor, by more than three (3%)  
 percent, then Franchisee shall, upon fifteen (15) days notice, pay to  
 Franchisor the amount understated upon demand, and in addition, reimburse  
 Franchisor for any and all costs and expenses connected with the inspection  
 (including without limitation, reasonable accounting and attorneys', fees  
 travel expenses, room and board and compensation of employees of the  
 Franchisor). The foregoing remedies shall be in addition to any other  
 remedies Franchisor may have hereunder or under applicable law.  
   
   
   
 ARTICLE XI  
   
 CONFIDENTIAL OPERATIONS MANUAL  
   
 11.1 Franchisor shall lend to Franchisee a confidential operations  
 manual published by Franchisor (the "Confidential Operations Manual") which  
 includes, in part, the business procedures, technical advice and rules and  
 regulations for the operating of the business.  
   
 11.2 Franchisee acknowledges and agrees that:  
   
 A. The Confidential Operations Manual is the property of the  
 Franchisor during the term of this Agreement and any renewal  
 hereof;  
   
 B. The Confidential Operations Manual contains confidential  
 information which Franchisee will protect as a trade secret, and  
 that its loss will cause substantial damage to Franchisor and   
 other franchisees, although the amount of such loss would be   
 incalculable with any degree of accuracy. Consequently, in the  
 event of loss of this Confidential Operations Manual, Franchisee  
 agrees to pay to Franchisor the sum of Five Hundred Fifty   
 Dollars ($550);  
   
 C. Franchisee shall not reprint or reproduce any portion of the  
 Confidential Operations Manual for any reason whatsoever; and  
   
 D. Upon termination of this Agreement for any reason, the  
 Confidential Operations Manual will be immediately returned to  
 Franchisor.  
   
 11.3 Franchisor may reasonably add to or otherwise modify the  
 Confidential Operations Manual, from time to time, whenever it considers such  
 additions or modifications desirable to improve or maintain the standards of  
 the "New World Coffee & Bagels" System and the efficient operation thereof,  
 or to protect or maintain the goodwill associated with the "New World Coffee  
 & Bagels" name and Marks or to meet competition, provided such additions or  
 modifications are system-wide in nature and do not substantially increase  
 Franchisee's economic burden.  
   
 11.4 From the date of the opening of the business by Franchisee, the  
 mandatory specifications, standards and operating procedures prescribed by  
 Franchisor and communicated to Franchisee in writing, shall constitute  
 provisions of this Agreement as if fully set forth herein. All references  
 herein to this Agreement shall include the provisions of the Confidential  
 Operations Manual and all such mandatory specifications standards and  
 operating procedures.  
   
 ARTICLE XII  
   
 INSURANCE  
   
 12.1 Franchisee shall obtain and place at his/her sole cost and expense,  
 with an insurer rated "AAA" in Best's Directory who is authorized to do  
 business in the state in which the Franchisee's "New World Coffee & Bagels"  
 Store is located, and to keep in full force and effect during the terms of  
 this Agreement, insurance coverage on an "occurrence basis" naming  
 Franchisor, its officers, directors and shareholders and any designated  
 primary and secondary lessor as additional insureds (such insurance policies  
 hereinafter referred to collectively as "Insurance") as follows:  
   
 A. Broad Form Comprehensive General Liability with limits of no  
 less than One Million ($1,000,000) Dollars in case of damage or  
 injury to one or more persons, including indemnification coverage  
 and property damage insurance of Five Hundred Thousand Dollars  
 ($500,000); both of which shall be considered primary policies;  
   
   
   
   
 B. All risk coverage on all personal property covering his/her  
 "New World Coffee & Bagels" Store and premises and contents  
 thereof, including, without limitation, all supplies, inventory,  
 fixtures, and equipment and business interruption in amounts not  
 less than is sufficient to meet the co-insurance requirements of  
 Franchisee's policies, and contain a replacement value   
 endorsement in an amount not less than ninety percent (90%) of   
 the replacement value thereof, and any loss shall be payable to   
 Franchisor and Franchisee as their interests may appear;  
   
 C. Worker's Compensation and Disability Insurance as may be  
 required by law;  
   
 D. Products Liability Insurance in an amount not less than One  
 Million ($1,000,000) Dollars, which policy shall be considered  
 primary;  
   
 E. Insurance in an amount covering three (3) years of rent and  
 other charges for the Store; and  
   
 F. Any other insurance coverage as required by the State, Federal  
 or local municipality in which the franchised premises is   
 located.  
   
 12.2 The insurance shall cover the acts or omissions of each and every  
 one of the persons who perform services of whatsoever nature at the  
 Franchisee's "New World Coffee & Bagels" Store, and shall protect against all  
 acts of any persons who patronize the "New World Coffee & Bagels" Store and  
 shall contain a waiver of subrogation against Franchisor.  
   
 12.3 Prior to the opening of Franchisee's "New World Coffee & Bagels"  
 Store, Franchisee shall deliver to Franchisor certificates of the Insurance,  
 together with the copies of the actual policies issued, and will promptly pay  
 all premiums thereon as and when the same become due. All policies shall  
 provide that they are non-cancelable as to Franchisor in the absence of  
 thirty (30) days written notice to Franchisor. Franchisor shall have the  
 right, but shall not be obligated, to pay premiums due and unpaid by  
 Franchisee or else to obtain substitute coverage in the case of cancellation.  
 Any cost thereof to Franchisor shall be added to the Royalty Fees otherwise  
 payable to Franchisor under this Agreement, provided, however, that same  
 shall be due and payable to Franchisor by the Franchisee within five (5) days  
 of demand therefore.  
   
 12.4 Franchisor reserves the right to demand that Franchisee obtain  
 Insurance from time to time which is different in coverage, risks, amount or  
 otherwise from the foregoing in order to protect fully the parties having  
 insurable interests in the Franchisee's "New World Coffee & Bagels" Store,  
 provided such Insurance is reasonably common in the area for similar  
 operations.  
   
 12.5 Franchisee shall immediately notify Franchisor, in writing, of any  
 accidents, injury, occurrence or claim that might give rise to a liability or  
 claim against Franchisor or which could materially affect Franchisee's  
 business, and such notice shall be provided no later than the date upon which  
 Franchisee notifies his/her insurance carrier.  
   
 ARTICLE XIII  
   
 RELATIONSHIP OF THE PARTIES: INDEMNIFICATION  
   
 13.1 Relationship between Franchisor and Franchisee is strictly that of  
 a franchisor and franchisee, and Franchisee shall be deemed to be an  
 independent contractor. This Agreement does not create a fiduciary  
 relationship between Franchisor and Franchisee, joint venture, partnership,  
 or agency and any act or omission of either party shall not bind or obligate  
 the other except as expressly set forth in this Agreement.  
   
   
   
 13.2 Franchisee recognizes that Franchisor has entered into this  
 Agreement in reliance upon and in recognition of the fact that Franchisee  
 will have full responsibility for the management and operation of the  
 business and that the amount of profit or loss resulting from the operation  
 of the business will be directly and solely attributable to the performance  
 of Franchisee.  
   
 13.3 Except as expressly granted herein, Franchisee recognizes that  
 nothing contained in this Agreement shall be construed as giving to  
 Franchisee or to any other person or entity, any right or interest in the  
 Franchisor's names, Marks, trade secrets, methods, procedures or techniques  
 developed by Franchisor and used in the System. Further, except as  
 specifically set forth in Article I hereof, nothing contained herein shall be  
 construed as limiting Franchisor's right, title or interest in the "New World  
 Coffee & Bagels" name, Marks, trade secrets, methods, procedures and  
 techniques which are a part of the System or Franchisor's sole and exclusive  
 right to register, trade secrets, methods, procedures and techniques.  
   
 13.4 In all public records and prominently displayed in Franchisee's  
 "New World Coffee & Bagels" Store and in Franchisee's relationship with third  
 parties, as well as on letterheads, business forms, Franchisee shall indicate  
 clearly the independent ownership of the Franchisee's "New World Coffee &  
 Bagels" Store, and that the operations of same are separate and distinct from  
 the operation of Franchisor's business. Franchisor shall have the absolute  
 right to approve and/or supply any sign displays containing the foregoing.  
   
 13.5 The Franchisor shall have no liability for any sales, use, excise,  
 gross receipts, property or other taxes, whether levied upon Franchisee, the  
 Store or its assets, or upon the Franchisor in connection with sales made,  
 services performed or business conducted by Franchisee.  
   
 13.6 Franchisee shall indemnify and hold the Franchisor and its  
 subsidiaries, affiliates, stockholders, directors, officers, employees,  
 agents and assignees harmless against, and to reimburse them for, any loss,  
 liability, taxes or damages (actual or consequential) and all reasonable  
 costs and expenses of defending any claim brought against any of them or any  
 action in which any of them is named as a party (including, without  
 limitation, reasonable accountants', attorneys' and expert witness fees,  
 costs of investigation and proof of facts, court costs, other litigation  
 expenses and travel and living expenses) which any of them may suffer,  
 sustain or incur by reason of, arising from or in connection with  
 Franchisee's ownership or operation of the "New World Coffee & Bagels" Store,  
 which is due to Franchisee's negligence, breach of contract or other civil  
 wrongs, unless such loss, liability or damage is solely due to the gross  
 negligence of the Franchisor (or any of its affiliates, i.e., any   
 controlling, controlled by, or under common control with the Franchisor) in  
 producing, handling or storing the Proprietary Products sold to Franchisee  
 (provided Franchisee shall have established that Franchisee inspected such  
 Proprietary Products in accordance with the procedures set forth in the  
 Confidential Operations Manual and could not have reasonably discovered the  
 adulteration or other defect in such Proprietary Products which was the cause  
 of such loss, liability or damage). Franchisee acknowledges and agrees that  
 any action or inaction by any third party (e.g., an independent carrier)  
 which is not an affiliate of the Franchisor, in connection with handling or  
 storing the Proprietary Products shall not be attributable to or constitute  
 negligence of the Franchisor.  
   
 13.7 The Franchisor shall indemnify and hold Franchisee harmless  
 against, and to reimburse him/her for, any loss, liability or damage (actual  
 or consequential) and all reasonable costs and expenses of defending any  
 claim expenses of defending any claim brought against him/her or any action  
 in which he/she is named as a party (including, without limitation,  
 reasonable accountants', attorneys' and expert witness fees, costs of  
 investigation and proof of facts, court costs, other litigation expenses and  
 travel and living expenses) which he/she may suffer, sustain or incur solely  
 by reason of, arising from or in connection with the gross negligence of the  
 Franchisor (or any of its affiliates, i.e., any controlling, controlled by  
 or under common control with the Franchisor) in producing, handling or  
 storing the Proprietary Products (provided Franchisee shall have established  
 that Franchisee inspected such Proprietary Products in accordance with the  
 procedures set forth in the Confidential Operations Manual and could not have  
 reasonably discovered the adulteration or other defect in such Proprietary  
 Products which was the cause of such loss, liability or damage). Franchisee  
 acknowledges and agrees that any action or inaction by any third party (e.g.,  
 an independent carrier) which is not an affiliate of the Franchisor, in  
   
   
   
 connection with handling or storing of the Proprietary Products shall not be  
 attributable to or constitute negligence of the Franchisor.  
   
 ARTICLE XIV  
   
 COVENANTS NOT TO COMPETE  
   
 14.1 During the term of this Agreement, or any extension thereof,  
 neither Franchisee, nor any partner, if the Franchisee is a partnership, nor  
 any shareholder if the Franchisee is a corporation, shall either directly or  
 indirectly for himself or herself or on behalf of, or in conjunction with any  
 other person, persons, partnership association or corporation, own, maintain,  
 engage in, participate or have any interest in the operation of any  
 enterprise which is the same or substantially similar to the "New World  
 Coffee & Bagels" franchise, or any other business which distributes, produces  
 or sells gourmet coffee or bagels or bagel products, provided, however, that  
 this prohibition should not apply to the ownership by the Franchisee of  
 additional "New World Coffee & Bagels" Stores.  
   
 14.2 For a period of two (2) years following termination, expiration, or  
 non-renewal of this Agreement, except where the termination occurs due to the  
 fault or action of the Franchisor and not due to default of the Franchisee or  
 any partner, if the Franchisee is a partnership, or any shareholder if the  
 Franchisee is a corporation, the Franchisee shall not, except with respect to  
 the ownership or operation by Franchisee of additional "New World Coffee &  
 Bagels" Stores:  
   
 A. Engage, employ or compensate or seek to employ any person who  
 is at that time engaged, operating or employed by or at any other  
 "New World Coffee & Bagels" Stores, or to otherwise directly or  
 indirectly induce such person to leave his or her employment  
 thereat;  
   
 B. Either directly or indirectly for himself or on the behalf of,  
 or in conjunction with any other person, persons, partnership,  
 association or corporation, own, maintain, engage in, participate  
 in, or have any interest in the operation of any enterprise which  
 directly or indirectly competes with or is the same or  
 substantially similar to the "New World Coffee & Bagels"   
 franchise covered by this Agreement, or which distributes,   
 produces or sells gourmet coffee or bagels or bagel products  
 within the "Minimum Area of Competition." The "Minimum Area   
 of Competition" shall be deemed to be that area which is  
 within a radius of twenty-five (25) miles from Franchisee's   
 Store, or any "New World Coffee & Bagels" Exclusive Territory  
 or any other "New World Coffee & Bagels" Store in operation  
 on the effective date of termination or expiration, whether   
 franchised or company-owned.  
   
 14.3 In the event Franchisee fails or refuses to comply with the  
 in-term or post-term covenants of this Article, even if such failure or  
 refusal is based upon a claim that the laws of any particular jurisdiction  
 excuse such non-compliance or make the provision of said paragraph  
 unenforceable in whole or in part, and provided that the jurisdiction in  
 which Franchisee's "New World Coffee & Bagels" Store is located permits,  
 Franchisee hereby separately covenants and agrees that while this Agreement  
 is in effect and for two (2) years after its termination, except where  
 termination occurs due to the fault or action of Franchisor and not due to  
 default of Franchisee, Franchisor shall have the right to require that all  
 sales made in the operation of any business which directly or indirectly  
 competes with it or with a "New World Coffee & Bagels" Store or to the  
 System, or which distributes, produces or sells gourmet coffee or bagels or  
 bagel products anywhere, if this Agreement is then in effect, or within the  
 Minimum Area of Competition, if this Agreement has been terminated, shall be  
 reported to Franchisor and Franchisee agrees to pay Franchisor upon demand,  
 the weekly fee of Five Hundred Dollars ($500) on the times and in the manner  
 specified in Article V hereof all without being deemed to revive, modify or  
 expand this Agreement. The covenants of this Article shall survive the  
 termination or expiration of this Agreement.  
   
 14.4 Franchisee shall not, during the term of this Agreement or  
 after its termination or non-renewal, communicate or divulge to any other  
   
   
   
 person, persons, partnership or corporation, any Confidential Information or  
 knowledge concerning the methods of operation used in a "New World Coffee &  
 Bagels" Store franchise nor shall Franchisee disclose or divulge, in whole or  
 in part, any trade secrets of Franchisor or its affiliated companies or  
 subsidiaries thereof.  
   
 14.5 The parties agree that the covenants contained in Sections 14.2 and  
 14.3 above shall be construed as independent of any other covenant or  
 provision of this Agreement. If all or any portion of a covenant in this  
 Article is held unreasonable or unenforceable by a court or agency having  
 valid jurisdiction in any unappealed final decision to which Franchisor is a  
 party, Franchisee expressly agrees to be bound by any lesser covenant  
 subsumed with the terms of such covenant that imposes the maximum duty  
 permitted by law, as if the resulting covenant were separately stated and  
 made a part of this Article.  
   
 14.6 Franchisee covenants and agrees that he/she shall not, during  
 the term hereof, any renewals hereof, and for two (2) years after  
 termination, cancellation, non-renewal or expiration, in any communications  
 with any customer, employee, contractor, supplier, vendor, business or legal  
 associate, or other franchisee or master franchisee of Franchisor or any of  
 it's affiliates, subsidiaries or successors and assigns, criticize, ridicule,  
 or make any statement (written or oral) which disparages, or is derogatory of  
 or detrimental to the Franchisor, its affiliates, subsidiaries, franchisees,  
 successors, assigns, or any of its past or present officers, directors,  
 agents or employees. Franchisee hereby acknowledges that any breach of this  
 covenant will result in immediate, irreparable, quantifiable harm to the  
 Franchisor, and that Franchisor shall be entitled to any and all remedies at  
 law or in equity for damages, directly or indirectly caused by such breach.  
   
 14.7 Franchisee acknowledges that the foregoing restrictions are  
 reasonable, are not vague or indefinite, and are designed to protect  
 legitimate business interests of Franchisor, and that in the event of a  
 breach of covenants contained in this paragraph, the damage to Franchisor  
 would be difficult to ascertain, and in addition to the liquidated damages  
 payable to Franchisor as hereinafter provided for the breach of any or all of  
 said covenants, Franchisor shall be entitled to seek injunctive and/or other  
 equitable relief against the violation of any said covenants, together with  
 reasonable attorneys' fees and costs.  
   
 14.8 Covenants contained in this Article shall be construed as  
 severable and independent and shall be interpreted and applied consistently  
 with the requirements of reasonableness and equity. Any judicial reformation  
 of these covenants consistent with this interpretation shall be enforceable  
 as though contained herein and shall not affect any other provisions or terms  
 of this Agreement.  
   
 14.9 Franchisee and his/her Store manager, if one exists, shall be  
 obligated to execute Exhibit "G" to this Franchise Agreement.  
   
 ARTICLE XV  
   
 MODIFICATION OF THE SYSTEM  
   
 Franchisee recognizes and agrees that from time to time hereafter,  
 Franchisor may change or modify the System presently identified by its Marks,  
 including the adoption and use of new or modified trade names, service marks,  
 trade names, or copyrighted materials, new products, product specifications,  
 changes or modifications, new equipment including, but not limited to, trade  
 dress, awnings, or new techniques, and new technological developments, and  
 that Franchisee will accept and use for the purpose of this Agreement any  
 such change in the System, including new or modified trade names, service  
 marks, trademarks, or copyrighted materials, new products, new equipment or  
 new techniques, as if they were part of this Agreement at the time of  
 execution hereof, provided the financial burden placed upon Franchisee is not  
 substantial. Franchisee will make such expenditures and such changes or  
 modifications in the System as Franchisor may reasonably require.  
   
 ARTICLE XVI  
   
 FRANCHISEE  
   
   
   
   
 The term "Franchisee" shall include all persons who succeed to the  
 interest of the original Franchisee by transfer or operation of law and shall  
 be deemed to include not only the individual or entity defined as  
 "Franchisee" in the introductory paragraph of this Agreement, but shall also  
 include partners of the entity that executes this Agreement, in the event  
 said entity is a partnership, and all shareholders, officers and directors of  
 the entity that executes this Agreement, in the event said entity is a  
 corporation. By their signatures hereto, all partners, shareholders,  
 officers and directors of the entity that signs this Agreement as Franchisee  
 acknowledges and accepts the duties and obligations imposed upon each of  
 them, individually, by the terms of this Agreement. The singular usage  
 includes the plural and the neuter and masculine usages include the other and  
 the feminine.  
   
 ARTICLE XVII  
   
 TERMINATION  
   
 17.1 Franchisor may terminate this Agreement upon the occurrence of any  
 of the following events of default:  
   
 A. Failure by Franchisee to make complete and timely payment of  
 any and all fees and xxxxxxxx due Franchisor or any of its  
 subsidiary or affiliated corporations;  
   
 B. Failure to comply with the reporting or record keeping  
 requirements of this Agreement, and/or the under-reporting of   
 gross sales by two (2%) percent or more;  
   
 C. The misstatement by Franchisee of any material fact, or  
 failure to disclose or understatement of any material fact in any  
 report furnished to the Franchisor pursuant to this Agreement or  
 the Confidential Operations Manual, whether or not such  
 misstatement or failure to disclosure or understatement is  
 intentional;  
   
 D. A breach by Franchisee of any provision of this Agreement, any  
 material provision of the Confidential Operations Manual, or any  
 other agreement between Franchisor and Franchisee or any of its  
 subsidiary or affiliated corporations; including but not limited  
 to Franchisee's sublease;  
   
 E. Failure by Franchisee to make good faith efforts to carry out  
 the provisions of this Agreement;  
   
 F. Franchisee's engaging in any conduct or practice that in the  
 reasonable opinion of Franchisor, is detrimental or harmful to   
 the good name, goodwill or reputation of Franchisor or its   
 Proprietary Products or other franchisees, or the public;  
   
 G. Franchisee's engaging in any conduct or practice that is a  
 fraud upon consumers, or is an unfair, unethical, or deceptive  
 trade, act or practice;  
   
 H. Any pledge or attempted pledge of Franchisor's credit by  
 Franchisee, or an attempt by Franchisee to bind Franchisor to any  
 obligation;  
   
 I. Failure by Franchisee to participate in the advertising,  
 promotional, or marketing activities, services, and programs that  
 are established by Franchisor or Franchisor's Marketing Fund;  
   
   
   
   
 J. Unauthorized or improper use by Franchisee of Franchisor's  
 Marks;  
   
 K. Misuse or unauthorized disclosure by Franchisee of the  
 Confidential Operations Manual, information or materials;  
   
 L. Failure to use or sell any of the Proprietary Products to the  
 exclusion of those of any competitors and the failure to perform  
 all of the services required by Franchisor, including but not  
 limited to the forwarding of copies of all health or sanitation or  
 other regulatory agency reports to Franchisor immediately upon  
 receipt thereof;  
   
 M. Failure to open Franchisee's "New World Coffee & Bagels" Store  
 at the location mutually agreed upon in the Single Unit Franchise  
 Owner Development Agreement within the time specified in the lease  
 or sublease;  
   
 N. Except as otherwise provided herein, failure by Franchisee to  
 purchase his/her entire requirement of any of the Proprietary  
 Products either from Franchisor or from sources of supply  
 designated by Franchisor and to sell the same to the consuming  
 public using his/her best efforts;  
   
 O. Failure to correct any local, state or municipal health or  
 sanitation law or code violation within seventy-two (72) hours  
 after being cited for such violation;  
   
 17.2 To terminate Franchisee for default of this Agreement pursuant to  
 Section 17.1 above, Franchisor shall first provide Franchisee with written  
 notice of termination, which notice shall specify the reason for and the  
 Effective Date of Termination. This Agreement shall terminate on the date  
 specified therein, which shall not be less than thirty (30) days from the  
 posted day of the notice, except that in those instances where the default is  
 based upon monies due and owing, the notice shall be seven (7) days (or such  
 longer period as provided by State law), unless:  
   
 A. Franchisee cures the default or reason for termination during  
 the notice period; or  
   
 B. Franchisee has, in good faith, initiated a cure of the default  
 or reason for termination within the notice period, and such  
 default or reason cannot be completely cured during the notice  
 period because of factors reasonably beyond the exclusive control  
 of Franchisee, in which event, Franchisor, by notice, shall permit  
 Franchisee a reasonable opportunity, in light of such factors, to  
 effect a complete cure;  
   
 C. The provisions of Subsection 17.2 A and B notwithstanding,  
 this Agreement shall nonetheless terminate if the default or reason  
 for termination has been set forth in three (3) prior notices of  
 termination within any prior twelve (12) month period, and/or if  
 two (2) or more health code violations have been committed within  
 any prior twelve (12) month period, or if Franchisee is terminated  
 as a result of under-reporting Gross Sales by two (2%) percent or  
 more.  
   
 17.3 Upon written notice to Franchisee, Franchisor may without right to  
 cure, immediately terminate this Agreement upon the occurrence of any of the  
 following events of default:  
   
 A. Any action by Franchisee, any of his partners, if Franchisee  
 is a partnership, or any of its officers, directors or   
 stockholders of Franchisee is a corporation, which results in:  
   
 (i) An affirmative act of insolvency;  
   
 (ii) An assignment for the benefit of creditors; or  
   
   
   
   
 (iii) The filing of a petition under any bankruptcy,  
 reorganization, insolvency, or moratorium law, or any  
 law for the relief of, or relating to, debtors, except  
 with respect to any relief permitted under the Federal  
 Bankruptcy Code.  
   
 B. The filing of any involuntary petition under any bankruptcy  
 statue against Franchisee, any of its partners, or any of its  
 stockholders owning at least 25% of any class of stock, or the  
 appointment of any receiver or trustee to take possession of  
 property of Franchisee, any of its partners, or any of its  
 stockholders owning 25% of any class of stock of Franchisee;  
   
 C. Failure by Franchisee to satisfy fully a civil judgment  
 obtained against Franchisee for a period of more than thirty (30)  
 days after all rights of appeal have been exhausted, or execution  
 of such a judgment, execution of a lien, or foreclosure by a  
 secured party or mortgage against Franchisee's property, which  
 judgment, execution of a lien, for foreclosure by a secured party  
 or mortgage would have an adverse or detrimental effect upon  
 Franchisee's franchised operation;  
   
 D. Conviction of Franchisee, or any partner of Franchisee or any  
 officer, director, or stockholder owning at least 25% of any class  
 of stock of Franchisee, of any crime which in the reasonable  
 business judgment of Franchisor would adversely affect the goodwill  
 or interest of Franchisee's Franchised Business;  
   
 E. The uncured default by Franchisee under any lease or sublease  
 of Franchisee's "New World Coffee & Bagels" Store which could  
 possibly result in the loss by Franchisee of the right to  
 possession, therein, for any reason whatsoever;  
   
 F. A final judgment or the unappealed decision of a court,  
 regulatory officer, agency, or quasi-regulatory agency that results  
 in the temporary or permanent suspensions or revocation of any  
 permits or licenses, possession of which is a prerequisite to the  
 operation of Franchisee's business or is required under applicable  
 law;  
   
 G. The direct or indirect assignment, transfer, sale or  
 encumbrance by Franchisee of this Agreement or franchise or any of  
 his rights or privileges contrary to this Agreement, or any attempt  
 by Franchisee to sell, assign, transfer or encumber the Franchised  
 Business contrary to the terms of this Agreement;  
   
 H. Failure by Franchisee to remain open for business as required  
 by this Agreement or as may be required by the Confidential  
 Operating Manual, as may be limited by local law, or the prime  
 landlord, or the abandonment or vacating by Franchisee of his/her  
 "New World Coffee & Bagels" Store for three (3) or more consecutive  
 days (or for such other period as would be grounds for termination  
 of Franchisee's sublease); or  
   
 I. Dissolution, judicial or otherwise, or liquidation of  
 Franchisee, if Franchisee is a corporation or partnership.  
   
 J. Failure by the franchisee to correct a violation which puts  
 the well-being of the public in danger.  
   
 ARTICLE XVIII  
   
 RIGHTS AND DUTIES OF THE PARTIES  
 UPON EXPIRATION OR TERMINATION  
   
 18.1 For the purpose of this Agreement, the "Effective Date of  
 Termination" shall be the date indicated in any notice of termination sent  
 pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Term,  
 as set forth in Section 4.1 of this Agreement.  
   
   
   
   
 18.2 Upon the Effective Date of Termination, Franchisee shall no longer  
 be an authorized "New World Coffee & Bagels" Franchisee and Franchisee shall  
 pay all sums of money due Franchisor or any of its subsidiary or affiliated  
 corporations within fifteen (15) days of the Effective Date of Termination,  
 unless Franchisor gives written notice of an extension of this period.  
   
 18.3 Upon the Effective Date of Termination, Franchisee shall  
 discontinue the use of all Marks owned by or associated with Franchisor and  
 all similar names and marks, or any other designation or xxxx associating  
 Franchisee with the "New World Coffee & Bagels" System. If Franchisee is a  
 corporation or partnership and, notwithstanding the prohibition of utilizing  
 the "New World Coffee & Bagels" name in its corporate or partnership name,  
 has used the "New World Coffee & Bagels" name or any names, marks or  
 designations that associate Franchisee with Franchisor in its corporate or  
 partnership name, Franchisee shall, within fifteen (15) days of the Effective  
 Date of Termination, take all necessary steps to eliminate "New World Coffee  
 & Bagels" from its corporate or partnership name, at his own cost and  
 expense.  
   
 18.4 Upon the Effective Date of Termination, Franchisee shall cease  
 displaying and using all signs, stationery, letterheads, forms, manuals,  
 printed matter, advertising, and other material containing the Marks, "New  
 World Coffee & Bagels" or any other names, marks, or designations that  
 associate Franchisee with the "New World Coffee & Bagels" System.  
   
 18.5 After the Effective Date of Termination, Franchisee shall refrain  
 from taking any action indicating or implying that he is an authorized "New  
 World Coffee & Bagels" franchisee.  
   
 18.6 Franchisee shall maintain all financial records and reports  
 required pursuant to this Agreement or the Confidential Operations Manual for  
 a period of not less than three (3) years after the Effective Date of  
 Termination. Franchisee shall permit Franchisor to make final inspection of  
 Franchisee's financial records, books, tax returns, and other accounting  
 records within three (3) years of the Effective Date of Termination.  
   
 18.7 Upon the Effective Date of Termination, Franchisee shall, pursuant  
 to the lease or sublease or conditional lease assignment and upon demand of  
 Franchisor, vacate and surrender the Store premises in accordance with the  
 terms and conditions under the terms of the lease, sublease and/or  
 conditional lease assignment.  
   
 18.8 Upon the Effective Date of Termination, Franchisee shall cease all  
 use of telephone numbers used by Franchisee while conducting business as a  
 "New World Coffee & Bagels" Franchisee and shall promptly execute such  
 documents or take such steps necessary to remove Franchisee's listing as a  
 "New World Coffee & Bagels" franchise, and shall promptly execute such  
 documents or take such steps necessary to remove Franchisee's listing as a  
 "New World Coffee & Bagels" franchise from the "Yellow Pages," all other  
 telephone directories, and all other trade or other business directories.  
   
 18.9 Within fifteen (15) days from the Effective Date of Termination of  
 this Agreement, Franchisee shall immediately turn over to Franchisor all  
 manuals, including the Confidential Operations Manual, records, files,  
 instructions, recipes, menus, correspondence, any and all materials relating  
 to the operation of the Franchised Business in Franchisee's possession, and  
 all copies of such written materials (all of which are acknowledged to be  
 Franchisor's property), and shall retain no copy or record of any of the  
 foregoing, except only Franchisee's copy of this Agreement and of any  
 correspondence between the parties, and any other documents which the  
 Franchisee reasonably needs for compliance with any provision of law and the  
 records described in Section 18.8 hereof.  
   
 18.10 Franchisor shall have the right (but not the duty) to be  
 exercised by notice of intent to do so within ten (10) days after the  
 Effective Date of Termination, to purchase any or all of the Proprietary  
 Products, signs, advertising material, supplies, equipment and any items  
 bearing Franchisor's Marks at Franchisee's cost or fair market value,  
   
   
   
 whichever is less. If the parties cannot agree on fair market value, within  
 a reasonable time, an independent qualified appraiser shall be designated by  
 each party and their determination shall be binding on both parties. If  
 these appraisers are unable to arrive at a fair market value, they will  
 designate a third approved appraiser whose determination shall be binding  
 upon both parties. If Franchisor elects to exercise any option to purchase  
 herein provided, it shall have the right to set off all amounts due from  
 Franchisee under this Agreement, and the cost of the appraisal, if any,  
 against any payment therefor.  
   
 18.11 Franchisor shall have the right to enter the Store for the  
 purpose of maintaining the operation of the Store on a daily basis. Pursuant  
 to this right, Franchisor shall have the right to assume the equipment lease  
 or note payments until such time as the Store is either sold to a new  
 franchisee or closed.  
   
 18.12 No right or remedy herein conferred upon or reserved to  
 Franchisor is exclusive of any other right or remedy herein or by law or  
 equity provided or permitted, but each shall be cumulative of every other  
 right or remedy given hereunder.  
   
 18.13 Nothing contained herein shall be deemed to relieve Franchisee  
 of any obligations or responsibilities or liabilities incurred by Franchisee  
 during the term of this Agreement or any renewals hereof, or his/her lease or  
 sublease and which obligations, responsibilities or liabilities shall survive  
 the termination, expiration or non-renewal of this Agreement, lease or  
 sublease.  
   
 ARTICLE XIX  
   
 COMMENCEMENT AND HOURS OF OPERATIONS  
   
 Franchisee recognizes that continuous and daily availability of any of  
 the proprietary products to the public is essential to the adequate promotion  
 of Franchisee's "New World Coffee & Bagels" Store and that any failure to  
 provide such availability affects Franchisor both locally and nationally.   
 Franchisee shall make himself or herself personally available to sell the  
 Proprietary Products and Products to the consuming public at a minimum of  
 twelve (12) hours per day, seven (7) days per week, or as required by any  
 lease or sublease if different, except where prohibited or otherwise  
 regulated by a governmental authority, including any state or local licensing  
 authority and shall otherwise conduct the business in accordance with  
 generally accepted business standards or where business activity warrants  
 less. These requirements may be changed by Franchisor from time to time,  
 upon reasonable notice to Franchisee and may differ from one franchisee to  
 another based upon the specific characteristics of a particular location.  
   
 ARTICLE XX  
   
 TRANSFERABILITY OF INTEREST  
   
 20.1 Franchisee understands and acknowledges that the rights and duties  
 created by this Agreement are personal to him or her (or to Franchisee's  
 owners if Franchisee is a corporation or a partnership), therefore, neither  
 this Agreement, nor the franchise granted hereby shall be assignable or  
 transferable by Franchisee, nor may the same be mortgaged, pledged or  
 encumbered by him or her without the express prior consent of Franchisor, and  
 any purported assignment, mortgage, pledge or encumbrance thereof, without  
 the consent of Franchisor, shall be null and void. The issuance or transfer  
 of any stock (including by way of any public stock offering) or partnership  
 interest(s) in Franchisee or its merger, a consolidation or dissolution, if  
 the Franchisee is a corporation or a partnership, shall be deemed an  
 assignment of this Agreement and of the franchise granted herein.  
   
 20.2 If Franchisee is an individual, Franchisor hereby consents, upon  
 thirty (30) days prior written notice, to the assignment by Franchisee of all  
 of his/her rights and benefits under this Agreement to a corporation of which  
 Franchisee owns at least a majority of the voting and equity stock, provided  
 that:  
   
   
   
   
 A. Such corporation is newly organized and its activities and  
 corporate purposes are confined exclusively to acting as a "New  
 World Coffee & Bagels" Store franchise under this Agreement;  
   
 B. Such corporation and all stockholders thereof execute a  
 Transfer of Franchise to a Corporation form, or such other form as  
 shall be provided or approved by Franchisor, in which they jointly  
 and severally assume all of the past and future obligations of  
 Franchisee under this Agreement, to the same extent as if they had  
 originally executed this Agreement as Franchisee;  
   
 C. Franchisee or his designated manager actively manages such  
 corporation and continues to devote his best efforts and full and  
 exclusive time to the day-to-day operation and development of the  
 franchise and the business of the "New World Coffee & Bagels" Store  
 and Franchisee shall remain personally liable in all respects under  
 this Agreement, including but not limited to payment for the  
 purchase of any of the proprietary products, jointly and severally  
 with such corporation and any and all other stockholders thereof  
 and;  
   
 D. All stock certificates of such corporation bear the following  
 legend, which shall be printed legibly and conspicuously on the  
 front of each such stock certificate:  
   
 "The transfer of this stock certificate is subject to the  
 terms and conditions of a certain Franchise Agreement  
 entered into with New World Coffee & Bagels, Inc. dated  
 \_\_\_\_\_\_\_\_, 19\_\_\_\_."  
   
 20.3 In the event Franchisee, any stockholder or partner of a corporate  
 or partnership Franchisee, or any legal heir or legatee of any deceased  
 Franchisee, or of any deceased stockholder or partner of any corporate or  
 partnership Franchisee, desire to effect any sale or assignment of any  
 partnership, stock or other interest in this Agreement, or of Franchisor's  
 rights and benefits under this Agreement, and has been a Franchisee for a  
 period of three (3) years or more, including, without limitation, the  
 franchise granted hereby, and/or the ownership or sublease for the "New World  
 Coffee & Bagels" Store franchised hereby, Franchisee or such other authorized  
 person or party shall give Franchisor written notice of all of the terms of  
 any such bona fide offer within fifteen (15) days after receipt of such  
 offer, including providing Franchisor with all other documents and data  
 required prior to the Franchisor approving the sale. Franchisor shall have  
 the right of first refusal, for a period of fifteen (15) days after receipt  
 of such notice to notify Franchisee or such other person or party of  
 Franchisee's desire, to exercise such option under the same terms and  
 conditions as the aforesaid bona fide offer. If Franchisor fails to exercise  
 such option in the time period allotted, then Franchisee shall be free to  
 contract with the person who made such bona fide offer solely on the same  
 terms and conditions thereof, subject, of course, to Franchisee's compliance  
 with all of the other terms and provision of this Agreement. In the event  
 the terms of such bona fide offer change, then Franchisee shall be obligated  
 to re-offer the franchise to Franchisor for an additional fifteen (15) day  
 period.  
   
 20.4 In addition to all of the other conditions set forth in Sections  
 20.2 and 20.3 hereof which pertain to the right of Franchisee to assign,  
 transfer or sell the license created hereunder, Franchisee hereby agrees that  
 any and all rights of assignment, transfer or sale by Franchisee of this  
 franchise and the rights therein are conditioned upon compliance with each of  
 the following:  
   
 A. Any such assignment, transfer, or sale shall be subject to  
 the approval by Franchisor of such assignee and of the moral and  
 credit background of such assignee and any and all stockholders or  
 partners thereof, which approval shall not be unreasonably  
 withheld;  
   
 B. The assignee, transferee, or purchaser and all stockholders or  
 partners thereof if same is a corporation or partnership, shall at  
 Franchisor's option, either personally assume in writing all of the  
   
   
   
 obligations of Franchisee, either disclosed or undisclosed and  
 under this Agreement or execute the then-current Franchise  
 Agreement, in the form used by Franchisor, except that Royalty Fee  
 and Advertising Fee thereunder shall not be greater than that  
 provided by Article V and IX hereof for the remainder of what would  
 have been the initial term of this Agreement. However, Franchisor  
 shall have the right to reasonably increase the Royalty Fee and the  
 Advertising Fee in conformity with the "New World Coffee & Bagels"  
 System, during any renewals thereof;  
   
 C. Franchisee, such assignee, transferee or purchaser and any and  
 all stockholders or partners of all thereof, shall execute a  
 general release in favor of Franchisor, its officers, directors,  
 and employees, of any and all claims and cause of action that they  
 may have against Franchisor or its subsidiary or affiliated  
 corporations in any way relating to this Agreement or the  
 performance or non-performance thereof by Franchisor;  
   
 D. All prior obligations and debts of Franchisee or corporate  
 assignee of Franchisee owed to Franchisor under or in connection  
 with this Agreement shall be paid concurrently with such  
 assignment;  
   
 E. Franchisee must not be in default under this Agreement or any  
 renewals thereof or of any lease or sublease agreement to which  
 Franchisee is a party;  
   
 F. Assignee, transferee, or purchaser shall not be in the same  
 business as Franchisor either as a franchisor, licensor, as an  
 independent operator, franchisee of any chain or network which is  
 similar in nature or in competition with Franchisor except that the  
 assignee, transferee or purchaser may be an existing franchisee of  
 Franchisor;  
   
 G. Prior to the effective date of the assignment, transfer or  
 sale, the assignee, transferee, or purchaser must satisfactorily  
 complete the Franchisor's training program required of all new  
 franchisees;  
   
 H. Assignee, transferee, or purchaser shall, prior to any such  
 assignment, pay to Franchisor a non-refundable training and  
 transfer fee of $2,500, to reimburse Franchisor for its legal and  
 accounting fees, credit investigation, training expenses, and other  
 charges and expenses in connection with such assignment, transfer  
 or sale; and  
   
 I. Franchisee shall enter into an agreement with the Franchisor  
 agreeing to subordinate to such assignee, transferee or purchaser's  
 obligations to the Franchisor, including, without limitation, any  
 Royalty Fees and Advertising Fees, any obligations of such  
 assignee, transferee or purchaser to make installment payments of  
 the purchase price to Franchisee.  
   
 20.5 Franchisor shall have the right, without the need for Franchisee's  
 consent, to assign, transfer or sell its rights under this Agreement to any  
 person, partnership or corporation provided that the transferee agrees in  
 writing to assume all obligations undertaken by Franchisor herein and  
 Franchisee receives a statement from both Franchisor and its transferee to  
 that effect. Upon such assignment and assumption, Franchisor shall be under  
 no further obligation hereunder, except for accrued liabilities, if any.  
   
 20.6 In addition to the requirements of this Article, Franchisee must  
 promptly ("promptly" herein defined as within fifteen (15) days of receipt of  
 an offer to buy) give Franchisor additional written notice whenever  
 Franchisee has received an offer from a third party to buy Franchisee's  
 business franchised hereunder. Franchisee must also give Franchisor written  
 notice simultaneously with any offer to sell Franchisee's "New World Coffee  
 & Bagels" Store made by, for, or on behalf of Franchisee. The purpose of  
 this subsection is to enable Franchisor to comply with any applicable state  
 or federal franchise disclosure law or rules. Franchisee agrees to indemnify  
   
   
   
 and hold Franchisor harmless for Franchisee's failure to comply with this  
 subsection.  
   
 20.7 The Franchisor's consent to an assignment of any interest subject  
 to the restrictions hereof shall not constitute a waiver of any claims it may  
 have against the assignor, nor shall it be deemed a waiver of the  
 Franchisor's right to demand exact compliance with any of the terms or  
 conditions of this Agreement by the assignee, transferee or purchaser.  
   
 20.8 In the event Franchisee shall, subject to the restrictions and  
 conditions of transfer contained in this Article, attempt to raise or secure  
 funds by the sale of securities (including, without limitation, common or  
 preferred stock, bonds, debentures or general or limited partnership  
 interests) in Franchisee or any affiliates of Franchisee, Franchisee,  
 recognizing that the written information used with respect thereto may  
 reflect upon the Franchisor, agrees to submit any such written information to  
 the Franchisor prior to its inclusion in any registration statement,  
 prospectus or similar offering circular or memorandum and to obtain the  
 written consent of the Franchisor to the method of financing prior to any  
 offering or sale of such securities. The written consent of the Franchisor  
 pursuant to this Section 20.8 shall not imply or constitute the approval of  
 the Franchisor with respect to the method of financing, the offering  
 literature submitted to the Franchisor or any other aspect of the offering.   
 No information respecting the Franchisor or any of its affiliates shall be  
 included in any securities disclosure document, unless such information has  
 been furnished by the Franchisor, in writing, pursuant to the written request  
 of the Franchisee, in which the Franchisee states the specific purpose for  
 which the information is to be used. Should the Franchisor, in its sole  
 discretion, object to any reference to the Franchisor or any of its  
 affiliates or any of their businesses in such offering literature or  
 prospectus, such literature or prospectus shall not be used unless and until  
 the objections of the Franchisor are withdrawn. The Franchisor assumes no  
 responsibility for the offering whatsoever.  
   
 A. The prospectus or other literature utilized in any such  
 offering shall contain the following language in bold-face type on  
 the first textual page thereof:  
   
 "NEITHER NEW WORLD COFFEE & BAGELS, INC., NOR ANY OF ITS  
 AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS  
 OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION  
 SET FORTH HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT  
 TO ANY OF THEM. NEITHER NEW WORLD COFFEE & BAGELS, INC., NOR  
 ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION  
 WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."   
   
 B. Franchisee and each of its owners shall indemnify, defend and  
 hold harmless the Franchisor and its affiliates, and their  
 respective officers, directors, employees and agents, from any and  
 all claims, demands, liabilities, and all costs and expenses  
 (including, without limitation, reasonable attorneys' fees)  
 incurred in the defense of such claims, demands or liabilities,  
 arising from the offer or sale of such securities, whether asserted  
 by a purchaser of any such security or by a governmental agency.   
 The Franchisor shall have the right (but not the obligation) to  
 defend any such claims, demands or liabilities and/or to  
 participate in the defense of any action to which the Franchisor or  
 any of its affiliates or any of their respective officers,  
 directors, employees or agents is named as a party.  
   
 ARTICLE XXI  
   
 DEATH OR INCAPACITY OF FRANCHISEE  
   
 21.1 In the event of the death, permanent incapacity or disability of  
 Franchisee, i.e., he/she is unable to operate the Franchised Business, as an  
 individual Franchisee, or any partner of a Franchisee which is a partnership,  
   
   
   
 or any shareholder owning fifty percent (50%) or more of the capital stock of  
 a franchisee which is a corporation, the Franchisor shall consent to a  
 transfer of said Franchisee's interest to his/her heirs, beneficiaries or  
 family designees, (hereinafter referred to in this Article as "Transferee")  
 without payment of a transfer fee, subject to the following conditions:  
   
 A. The Transferee must complete and be approved through  
 Franchisor's standard franchise selection process including  
 satisfactorily demonstrating to Franchisor that he/she meets the  
 financial character and managerial criteria as Franchisor shall  
 then be applying in considering applications for new Franchisees;  
   
 B. The Transferee shall agree, in writing, to personally assume  
 liability for and to perform all the terms and conditions of this  
 Agreement to the same extent as the original Franchisee; and  
   
 C. The transfer occurs within thirty (30) days following the  
 death, permanent incapacity or disability of Franchisee.  
   
 21.2 If the Transferee is not approved, the Franchisee or his/her legal  
 representative shall use his/her best efforts to sell the "New World Coffee  
 & Bagels" Store to a party acceptable to Franchisor, within twelve (12)  
 months from the date of the Franchisee's death or permanent incapacity or  
 disability and Franchisor shall have the option, but not the obligation, to  
 operate and/or manage the "New World Coffee & Bagels" Store for the account  
 of Franchisee's estate until the deceased or incapacitated Franchisee's  
 interest is transferred to another party acceptable to Franchisor. Should  
 Franchisor elect to operate and/or manage the franchised Store, Franchisor  
 shall make a complete accounting and shall forward fifty percent (50%) of the  
 net income for the operation of the Store to Franchisee's estate. If the  
 conveyance of the "New World Coffee & Bagels" Store to a party acceptable to  
 Franchisor has not taken place within the twelve (12) month period,  
 Franchisor shall have the option but not the duty to purchase the "New World  
 Coffee & Bagels" Store and its equipment therein at the fair market value  
 thereof as determined by independent qualified appraisers selected by the  
 Franchisor and the estate. In the event that these appraisers cannot agree  
 on a fair market value, a third appraiser shall be selected by the other two  
 appraisers and his determination shall be binding on both parties. However,  
 if the Franchisor chooses not to repurchase the "New World Coffee & Bagels"  
 Store, then it may elect to terminate this Agreement, in which event the  
 Franchised Business hereunder will automatically revert back to the  
 Franchisor, with the Franchisor being obligated to purchase the equipment and  
 trade fixtures at their book value, as set forth in the last certified  
 financial statement of Franchisee.  
   
 ARTICLE XXII  
   
 OPERATION IN THE EVENT OF  
 ABSENCE OR DISABILITY  
   
 In order to prevent any interruption of the Store operations which would  
 cause harm to the Franchised Business, thereby depreciating the value  
 thereof, Franchisee authorizes Franchisor, who may, at its option, in the  
 event that Franchisee is absent for any reason or is incapacitated by reason  
 of illness and is unable, in the sole and reasonable judgment of Franchisor,  
 to operate the Franchised Business, operate the Franchised Business for so  
 long as Franchisor deems necessary and practical, and without waiver of any  
 other rights or remedies Franchisor may have under this Agreement. All  
 monies from the operation of the Franchised Business during such period of  
 operation by Franchisor shall be kept in a separate account, the expenses of  
 the Franchised Business, including reasonable compensation and expenses for  
 Franchisor's representative, shall be charged to said account. If, as herein  
 provided, Franchisor temporarily operates the Franchised Business franchised  
 herein for Franchisee, Franchisee shall indemnify and hold harmless  
 Franchisor and any representative of Franchisor who may act hereunder, from  
 any and all acts which Franchisor may perform, as regards the interests of  
 Franchisee or third parties.  
   
   
   
   
 ARTICLE XXIII  
   
 INJUNCTIVE RELIEF  
   
 23.1 In the event that Franchisee is in default, except for default with  
 respect to monies required to be paid by Franchisee to Franchisor, under any  
 provisions of this Agreement, Franchisor shall be entitled to seek a  
 permanent injunction and any preliminary or temporary equitable relief in  
 connection therewith, in order to restrain the violation of this Agreement by  
 Franchisee or any person acting for him or in his behalf. In addition,  
 Franchisor shall be entitled to its reasonable attorney's fees and court  
 costs, in connection therewith or in connection with any other remedy sought  
 by Franchisor. This remedy shall be cumulative to any other remedy available  
 to Franchisor and shall be subject to the terms and conditions of Article XXX  
 hereof.  
   
 23.2 Franchisee agrees that it is impossible to measure in money the  
 damages which Franchisor will sustain in the event of Franchisee's breach of  
 this Agreement and, therefore, in the event Franchisor institutes injunctive  
 proceedings under this Article, Franchisee hereby waives the defense that  
 Franchisor has an adequate remedy at law.  
   
 ARTICLE XXIV  
   
 RISK OF OPERATIONS  
   
 FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF  
 THIS BUSINESS, AND THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT  
 AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATION, WARRANTIES,  
 GUARANTIES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR  
 OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT LEVEL OF  
 BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, THE  
 DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE "New World  
 Coffee & Bagels" STORE. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS  
 ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S  
 CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND  
 QUALITY OF EFFORT EXPENDED BY FRANCHISEE. FRANCHISEE THEREFORE RELEASES  
 FRANCHISOR, ITS SUBSIDIARY OR AFFILIATED CORPORATIONS, OFFICERS, DIRECTORS,  
 AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE  
 OPERATION OF FRANCHISEE'S "New World Coffee & Bagels" STORE INCLUDING, BUT  
 NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPTS TO THE EXTENT THAT THE  
 SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OF  
 FRANCHISOR CONTAINED IN THIS AGREEMENT.  
   
 ARTICLE XXV  
   
 OTHER OBLIGATIONS  
   
 Nothing contained in this Agreement shall inhibit or limit the  
 unrestricted right of Franchisor to enter into or engage in any business or  
 in the sale itself or the licensing to others for the sale of the proprietary  
 food items other than the limitations imposed upon Franchisor by Article I  
 hereof; Franchisee shall have no rights, benefits or entitlement with respect  
 thereto.  
   
 ARTICLE XXVI  
   
 FORCE MAJEURE  
   
   
   
 Neither party shall be responsible to the other for non-performance or  
 delay in performance occasioned by, and causes beyond its control, including  
 without limiting the generality of the foregoing acts or omission of other  
 party, acts of civil or military authority, strikes, lockouts, embargoes,  
 insurrections or acts of God, inability of Franchisor to purchase, deliver  
 and/or manufacture of any of the Proprietary Products, provided that  
 inability of a party to obtain funds shall be deemed to be a cause within the  
 control of such party. If any such delay occurs, any applicable time period  
 shall be automatically extended for a period equal to the time lost, provided  
 that the party affected makes reasonable efforts to correct the reason for  
 such delay and gives to the other party prompt notice of any such delay.  
   
   
   
 ARTICLE XXVII  
   
 WAIVER OF VIOLATION OR DEFAULT  
   
 Waiver by Franchisor or Franchisee of any violation or default hereunder  
 shall not alter or impair either party's right with respect to any subsequent  
 violation or default nor shall any delay or omission on the part of either  
 party to exercise any right arising from such violation of default, alter or  
 impair such party's rights as to the same or any future violation or default.  
 An acceptance by Franchisor or any payment from the Franchisee after the date  
 on which such payment is due shall not operate as a waiver of Franchisee's  
 default or violation hereunder, nor alter or impair Franchisor's rights with  
 respect to such violation or default.  
   
 ARTICLE XXVIII  
   
 NOTICE AND TIME  
   
 28.1 All communications required or permitted to be given hereunder  
 shall be in writing and shall be deemed to have been duly given when  
 delivered personally or by fax transmission, or one (1) business day after  
 being sent by overnight commercial courier service for next business day  
 delivery, or five (5) days after being deposited in the United States mail,  
 for certified or registered delivery, return receipt requested, postage  
 prepaid. Notice to Franchisor shall be addressed to:  
   
 New World Coffee & Bagels, Inc.  
 000 Xxxx Xxxxxxxx  
 Xxx Xxxx, Xxx Xxxx 00000  
 Attn: President  
   
 COPY TO: Xxxxxx X. Xxxxxxxxxx, P.C.  
 000 Xxx Xxxxxxx Xxxx  
 Xxxxxxx, Xxx Xxxx 00000  
   
 Notice to Franchisee shall be addressed to:  
   
   
   
   
   
 Either party may designate another address at any time by written notice  
 to the other. Additionally, all payments and reports required to be made by  
 Franchisee under this Agreement shall be given to Franchisor at the above  
 address, except that regular reports may be sent by regular mail.  
   
 28.2 Time is of the essence of this Agreement with respect to each and  
 every provision in which time is a factor. Whenever this Agreement refers to  
 a period of days, the first day to be counted shall be the first day  
 following the designated action or event. For any period of five (5) or  
 fewer days, only business days (excluding Saturdays, Sundays and national  
   
   
   
 holidays) shall be counted. Unless expressly stated otherwise, any period  
 longer than five (5) days shall be measured by calendar days, except that if  
 the last day of any such period is not a business day, the period shall  
 automatically be extended to the next business day.  
   
 ARTICLE XXIX  
   
 GOVERNING LAW AND VENUE  
   
 29.1 This Agreement takes effect upon its acceptance and execution by  
 the Franchisor in New York, and shall be interpreted and construed under the  
 laws thereof, which laws shall prevail in the event of any conflict of law,  
 except to the extent that the Federal Arbitration shall apply in accordance  
 with Article XXX below.  
   
 29.2 No right to remedy conferred upon or reserved to the Franchisor or  
 Franchisee by this Agreement is intended to be, nor shall be deemed,  
 exclusive of any other right or remedy herein or by law or equity provided or  
 permitted, but each shall be cumulative of every other right or remedy.  
   
 29.3 Franchise acknowledges that he/she has and will continue to develop  
 a substantial and continuing relationship with Franchisor at is principal  
 offices in the State of New York, where Franchisor's decision making  
 authority is vested and franchise operations are conducted and supervised.   
 Therefore, the parties herein irrevocably agree and consent that in any  
 action or proceeding hereafter brought by either party to this Agreement,  
 each will submit to the exclusive jurisdiction and venue of the Superior  
 Court, Manhattan, or, where applicable, the United States District Court for  
 the District of New York.  
   
 29.4 The parties hereto agree to waive now and forever, any and all  
 rights either may have under the federal statute known as RICO.  
   
 29.5 The parties irrevocably waive trial by jury in any action,  
 proceeding or counterclaim, whether at law or in equity, brought by either of  
 them.  
   
 29.6 In the event either party is required to employ legal counsel or to  
 incur other expense to enforce any obligation of this Agreement, or to defend  
 against any claim, demand, action or proceeding by reason of either party's  
 failure to perform any obligation imposed by this Agreement, the prevailing  
 party shall be entitled to recover from the losing party the amount of all  
 reasonable attorney's fees of such counsel and all other expenses incurred in  
 enforcing such obligation or in defending against such claim, demand, action,  
 or proceeding, whether incurred prior to or in preparation for or  
 contemplation of the filing of such action or thereafter.  
   
 29.7 Franchisee agrees that he/she will not, on grounds of the alleged  
 non-performance by Franchisor of any of his/her obligations hereunder  
 withhold payment of any Royalty Fee, advertising contributions or any other  
 amounts due to Franchisor.  
   
 ARTICLE XXX  
   
 DISPUTE RESOLUTION  
   
 30.1 If both Franchisor and Franchisee agree, any dispute may, before  
 commencing arbitration, be submitted to non-binding mediation in accordance  
 with the mediation procedures of the American Arbitration Association.   
 Franchisor and Franchisee agree to equally share the costs of the mediation,  
 including the mediator's fee.  
   
 30.2 The mediator will be appointed by the American Arbitration  
 Association in accordance with their procedure, and must be acceptable to  
 both parties. The mediator must have experience in franchising, and shall  
 not have been employed by either party or have any conflict of interest in  
 any later court proceeding or arbitration. Mediation proceedings will be  
   
   
   
 completely confidential, not discoverable and shall take place at the office  
 of the American Arbitration Association in Manhattan, New York.  
   
 30.3 Except as otherwise provided in Subsection 30.11 below, any  
 controversy or dispute arising out of or relating to the franchise or this  
 Agreement including, but not limited to, any claim by the Franchisee or any  
 person in privity with or claiming through, on behalf of or in the right of  
 the Franchisee, concerning the entry into, performance under, non-renewal or  
 termination of this Agreement; any claim against a parts or present employee,  
 officer, director or agent of the Franchisor or any of its affiliated  
 companies; any claim of breach of this Agreement; and any claims arising  
 under state or federal laws, shall be submitted to final and binding  
 arbitration as the sole and exclusive remedy for any such controversy or  
 dispute. Persons in privity with or claiming through, on behalf of or in the  
 right of franchisee include, but are not limited to, spouses and other family  
 members, heirs, executors, representatives, successors and assigns.  
   
 30.4 Unless prohibited by applicable law, any claim shall be made by  
 filing a written demand for arbitration within one (1) year following the  
 conduct, act or other event or occurrence first giving rise to the claim,  
 otherwise, the right to any remedy shall be deemed forever waived and lost.  
   
 30.5 The right and duty of the parties to this Agreement to resolve any  
 disputes by arbitration shall be governed exclusively by the Federal  
 Arbitration Act, as amended, and arbitration shall take place according to  
 the commercial arbitration rules of the American Arbitration Association in  
 effect as of the date the demand for arbitration is filed. The arbitration  
 shall be held at the office of the American Arbitration Association in  
 Manhattan, New York.  
   
 30.6 Arbitration shall be conducted before one arbitrator appointed by  
 the American Arbitration Association. The fees for arbitration shall be  
 divided equally between the parties. The arbitrator shall have no authority  
 to amend or modify the terms of this Agreement.  
   
 30.7 Each party further agrees that, unless such a limitation is  
 prohibited by applicable law, the other party shall not be liable for  
 punitive or exemplary damages and the arbitrator shall have no authority to  
 award the same. The award or decision by the arbitrator shall be final and  
 binding on the parties and may be enforced by court judgment or order. The  
 parties consent to the exercise of personal jurisdiction over them and to the  
 propriety of venue of the courts set forth in Article XXIX for the purpose of  
 carrying out this provision; and they waive any objections that they would  
 otherwise have to the same.  
   
 30.8 No arbitration under this Agreement shall include by consolidation,  
 joinder or in any other manner, any person other than the Franchisee and the  
 Franchisor and any person in privity with or claiming through, in the right  
 of or on behalf of Franchisee or Franchisor unless both Franchisee and  
 Franchisor consent in writing. To the extent permitted by applicable law, no  
 issue of fact or law shall be given preclusive or collateral estoppel effect  
 in any arbitration here under except to the extent such issue may have been  
 determined in another proceeding between Franchisee and Franchisor or any  
 person in privity with or claiming through, in the right of or on behalf of  
 Franchisee or Franchisor.  
   
 30.9 In the event any provision in this Article XXX is determined by a  
 court of competent jurisdiction to be legally invalid or unenforceable under  
 the law applicable in a particular case, then it is the intention of the  
 parties to this Agreement that such provision be deemed inoperative and  
 stricken from this Agreement, and that the remainder of this Article, to the  
 extent not legally invalid or unenforceable under applicable law, be enforced  
 as written and as if the invalid or unenforceable provision or provisions had  
 not been included in this Article XXX.  
   
 30.10 Each party shall have the right to seek from the courts set  
 forth in Article XXIX, provisional remedies including, but not limited to,  
 temporary restraining orders or preliminary injunctions before, during or  
 after arbitration. Neither party need await the outcome of the arbitration  
 before seeking provisional remedies. Seeking any such remedies shall not be  
   
   
   
 deemed to be a waiver of either party's right to compel arbitration. Any  
 such action shall be brought by Franchisor or Franchisee in accordance with  
 this Article XXX or in the county or similar political unit or federal  
 judicial district where the Franchisee conducts business or where any  
 property that may be the subject of the action is located. The parties  
 consent to the exercise of personal jurisdiction and to the propriety of  
 venue in such courts for the purpose of carrying out this provision; they  
 waive any objections that they would otherwise have to the same; and they  
 waive the right to have any such action decided by a jury.  
   
 30.11 Franchisor and Franchisee shall maintain all aspects of the  
 arbitration proceeding in confidence, and shall not disclose any information  
 about the proceeding to any third party other than legal counsel who shall  
 also be required to maintain the confidentiality thereof.  
   
 ARTICLE XXXI  
   
 ACKNOWLEDGMENTS  
   
 31.1 FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS CONDUCTED AN INDEPENDENT  
 INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZES THAT THE BUSINESS  
 VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS  
 SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN  
 INDEPENDENT BUSINESS PERSON.  
   
 31.2 FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS RECEIVED, READ, AND  
 UNDERSTOOD THIS AGREEMENT, INCLUDING THE EXHIBITS HERETO; THAT THE FRANCHISOR  
 HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE'S  
 SATISFACTION; AND THAT THE FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND  
 OPPORTUNITY TO CONSULT WITH ADVISORS OF HIS/HER OWN CHOOSING ABOUT THE  
 POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.  
   
 31.3 FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME  
 FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS  
 AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS  
 VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.  
   
 ARTICLE XXXII  
   
 ENTIRE AGREEMENT  
   
 This Agreement, and any other Franchise Agreements thereunder,  
 constitutes the entire agreement between Franchisor and Franchisee with  
 respect to the subject matter hereof, and this Agreement supersedes all prior  
 and contemporaneous agreements between Franchisor and Franchisee in  
 connection with the subject matter of this Agreement. In the event of any  
 conflict between the terms of this Agreement, or any other Franchise  
 Agreement, the terms of this Agreement shall prevail. No officer, employee  
 or other servant or agent of Franchisor or Franchisee is authorized to make  
 any representation, warranty or other promise not contained in this  
 Agreement. No change, termination or attempted waiver of any of the  
 provisions of this Agreement shall be binding upon Franchisor or Franchisee  
 unless in writing and signed by Franchisor and Franchisee.  
   
 ARTICLE XXXIII  
   
 JOINT AND SEVERAL OBLIGATION  
   
 If the Franchisee consists of more than one person, their liability  
 under this agreement shall be deemed to be joint and several.  
   
 ARTICLE XXXIV  
   
 SECURITY INTEREST  
   
   
   
 Franchisee hereby grants to Franchisor a security interest in all of  
 Franchisee's interest in all leasehold improvements, furniture, furnishings,  
 fixtures, equipment, inventory and supplies located at or used in connection  
 with the Franchised Business, now or hereafter leased or acquired, together  
 with all attachments, accessions, accessories, additions, substitutions and  
 replacements therefore, and all cash and non-cash proceeds derived from  
 insurance or the disposition of such collateral, to secure payment and  
 performance of all debts, liabilities and obligations of any kind, whenever  
 and however incurred, of Franchisee to Franchisor. Franchisee agrees to  
 execute and deliver to Franchisor in a timely manner, all financial  
 statements and other documents necessary, or desirable, to evidence, perfect  
 and continue the priority of such security interests under the Uniform  
 Commercial Code. For such purposes the address of Franchisee and Franchisor  
 are set forth in Article XXVIII of this Agreement. If Franchisee is in good  
 standing, Franchisor agrees, upon request, to execute subordinations of its  
 security interest to suppliers, lenders and/or lessors furnishing equipment  
 or financing for the Franchised Business.  
   
 ARTICLE XXXV  
   
 COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS  
   
 This Agreement may be executed in any number of counterparts, all of  
 which, taken together shall constitute one and the same instrument. The  
 paragraph headings in this Agreement are for convenience of reference only  
 and shall not be deemed to alter or affect any provision thereof. Each  
 pronoun used herein shall be deemed to include the other number of genders.  
   
 ARTICLE XXXVI  
   
 SEVERABILITY AND CONSTRUCTION  
   
 36.1 Each section, part, term and provision of this Agreement shall be  
 considered severable, and if, for any reason, any section, part, term or  
 provision herein is determined to be invalid and contrary to, or in conflict  
 with, any existing or future law or regulation, such shall not impair the  
 operation of, or affect the remaining portions, parts, terms or provisions of  
 this Agreement, and the latter will continue to be given full force and  
 effect and bind the parties hereto, and said invalid sections, parts, terms  
 or provisions shall be deemed not to be a part of this Agreement, provided,  
 however, that if Franchisor determines that said finding of illegality  
 adversely affects the basic consideration of this Agreement, Franchisor and  
 Franchisee may terminate this Agreement.  
   
 36.2 Anything to the contrary herein notwithstanding, nothing in this  
 Agreement is intended, nor shall be deemed, to confer upon any person or  
 legal entity other than Franchisor or Franchisee and such of their respective  
 successors and assigns as may be contemplated by this Agreement, any rights  
 or remedies under or by reason hereof.  
   
 36.3 Franchisee expressly agrees to be bound by any promise or covenant  
 imposing the maximum duty permitted by law which is subsumed within the terms  
 of any provision hereof, as though it were separately articulated in and made  
 a part of this Agreement, that may result from striking from any of the  
 provisions hereof any portion or portions which a court may hold to be  
 unreasonable and unenforceable in a final decision to which Franchisor is a  
 party, or from reducing the scope of any promise or covenant to the extent  
 required to comply with such a court order.  
   
 36.4 All captions herein are intended solely for the convenience of the  
 parties, and none shall be deemed to affect the meaning or construction of  
 any provision hereof.  
   
 36.5 This Agreement shall be executed in duplicate and each copy so  
 executed shall be deemed an original.  
   
   
   
   
 IN WITNESS WHEREOF, the parties hereto have executed this Agreement  
 under seal on the date first written above.  
   
 NEW WORLD COFFEE & BAGELS, INC.  
 FRANCHISOR  
   
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 WITNESS  
   
   
 FRANCHISEE  
   
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 WITNESS  
   
 PRINT NAME:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
   
   
   
   
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 NEW WORLD COFFEE & BAGELS  
   
 UNIT FRANCHISE AGREEMENT  
   
 EXHIBIT "A"  
   
   
The Franchisee's Location and Exclusive Territory shall be as Follows:  
  
1) Location:  
  
2) Exclusive Territory:  
  
  
  
  
  
  
   
 NEW WORLD COFFEE & BAGELS, INC.  
  
  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 FRANCHISEE  
  
  
  
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 NEW WORLD COFFEE & BAGELS  
  
 UNIT FRANCHISE AGREEMENT  
  
 EXHIBIT "B"  
  
 GUARANTY  
  
 (TO BE EXECUTED ONLY IF FRANCHISEE IS A CORPORATION)  
  
 In consideration of the execution by New World Coffee & Bagels, Inc. of  
the within Franchise Agreement, and acknowledging that undersigned will  
benefit directly or indirectly from the execution thereof, the undersigned,  
being all of the shareholders, directors, and officers of the Franchisee,  
agree to be jointly and severally bound by, and agree to guaranty the  
performance of all of the terms and conditions of the Franchise Agreement,  
and any amendments thereto to renewals thereof, and do hereby execute this  
Franchise Agreement for the purpose of binding and obligating themselves to  
the terms and conditions of the aforesaid Franchise Agreement and any  
amendments thereto or renewals thereof.  
  
 1. The guarantors hereunder hereby waive notice of termination of  
 default under the Franchise Agreement.  
  
SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS AND OFFICERS  
  
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Name  
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
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Address  
  
  
  
  
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NEW WORLD COFFEE & BAGELS  
  
UNIT FRANCHISE AGREEMENT  
  
EXHIBIT "C"  
  
Conditional Lease Assignment Provisions  
  
The clauses referred to in Article 2.1 of the attached Unit Franchise  
Agreement are as follows:  
  
  
(i) The premises being leased hereunder shall be used solely for the  
 operation of a "New World Coffee & Bagels" Store.  
  
(ii) Lessor has examined Franchisor's standard design concepts and  
 specifications and consents to Lessee's use of same and of Franchisor's  
 Marks and such signage as the Franchisor may prescribe for the "New  
 World Coffee & Bagels" Store.  
  
(iii) Lessee may not sublease or assign all or any part of its occupancy  
 rights, or extend the term or renew the lease, without Franchisor's  
 prior written consent.  
  
(iv) Lessor shall furnish Franchisor a copy of the executed lease, including  
 all attachments thereto and related agreements, if any, within five (5)  
 days after its execution, and no change or amendment to such lease  
 affecting the above terms and conditions shall be effective without  
 Franchisor's prior written approval.  
  
(v) Notwithstanding anything to the contrary contained in this Lease, it is  
 expressly understood and agreed that if the Unit Franchise Agreement  
 dated the \_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_, 199\_\_ between the Lessee and the  
 Franchisor expires or is terminated for any reason whatsoever, the  
 Lessee's rights hereunder shall, at the option of the Franchisor, be  
 transferred and assigned to it. Said option may be exercised by the  
 Franchisor giving the Lessor notice in writing within thirty (30) days  
 following the expiration or termination of the said Franchise Agreement,  
 such notice to specify, inter alia, the date of such expiration or  
 termination. The Lessee acknowledges and agrees that the Lessor may  
 rely upon such notice and shall not be required to inquire into the due  
 execution thereof or the accuracy of the statements set forth therein.   
 It is further agreed that such notice shall, without further act or  
 formality, operate as an effective assignment of the Lessee's right  
 hereunder to the Franchisor and the assumption by the Franchisor of the  
 covenants herein required to be observed or performed by the Lessee.   
 The Franchisor shall thereafter have the right to assign or sublet the  
 Premises to such person as it may designate, provided that in such event  
 that this clause be contained therein. Notwithstanding the foregoing,  
 the Franchisor shall, forthwith upon exercise of such option, execute  
 such documents evidencing its agreement to thereafter keep and perform  
 or cause to be kept or performed all of the obligations of the Lessee  
 arising under this Lease from and after the time of the exercise of such  
 option.  
  
(vi) In the event Franchisor elects not to exercise the above option, Lessor  
 shall permit Franchisor to enter the premises in order to make any  
 modification necessary to protect Franchisor's Marks.  
  
(vii) The Lessor shall give written notice to the Franchisor  
 (concurrently with the giving of such notice to the Lessee) of any  
 default by the Lessee under the Lease and the Franchisor shall have,  
 after the expiration of the period during which the Lessee may cure such  
 default, and additional fifteen (15) days to cure, at its sole option,  
 any such default, providing that if such default arises by reason of the  
 bankruptcy or insolvency of the Lessee or the appointment of a receiver  
 over the Lessee's assets or part thereof, the Franchisor shall have the  
 right to assume this Lease upon payment of any arrears of rental to such  
 date. In the event of any such assumption, the Lessee shall cease to  
 have any further rights hereunder.  
  
  
  
(viii) The Lessor acknowledges that the said Franchise Agreement contains  
 a right on the part of the Franchisor, in the event of expiration or  
 termination of the said Franchise Agreement for any reason whatsoever,  
 to enter the premises hereby demised and to operate the Franchised  
 Business for the account of the Lessee for a period as set forth in the  
 said Unit Franchise Agreement. The Lessor further acknowledges that  
 such entry by the Franchisor shall not constitute an assignment of the  
 Lease, nor a subletting of the premises hereby demised.  
  
(ix) The Lessor acknowledges that the Franchisor is executing this Lease  
 solely for the purpose of acknowledging the provisions contained in the  
 foregoing clauses (iii) to (viii) and agrees that such execution by the  
 Franchisor shall in no way be construed so as to obligate the Franchisor  
 for the performance of any of the terms, conditions, obligation and  
 covenants contained herein.  
  
The foregoing provisions shall be incorporated into Franchisee's lease or  
sublease agreement.  
  
  
  
EXHIBIT "D"  
NEW WORLD COFFEE & BAGELS  
  
SINGLE UNIT FRANCHISE  
OWNER DEVELOPMENT AGREEMENT  
  
 AGREEMENT dated this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 19\_\_\_, by and  
between New World Coffee & Bagels, Inc., a Delaware corporation with  
principal offices at 000 Xxxx Xxxxxxxx; Xxx Xxxx, XX 00000 (hereinafter the  
"Company") and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with principal  
offices at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
(hereinafter the "Undersigned").  
  
 A. The Undersigned is desirous of developing a New World Coffee &  
Bagels Unit within an existing building, or on a parcel or lot of land  
located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter the "Site"). The parties  
acknowledge that this agreement contemplates that either the Undersigned  
introduced the Company to the Site or the Company introduced the Undersigned  
to the Site, as the case may be.  
  
 B. The Company is willing to review the Site for suitability as a New  
World Coffee & Bagels Unit location and, if approved, to grant to the  
Undersigned a franchise to operate under a New World Coffee & Bagels Unit on  
the Site, provided that the Undersigned meet(s) all of the Company's  
qualifications and requirements for new, or if appropriate, multi-unit  
franchise owners.  
  
 C. This Agreement shall enumerate the respective responsibilities of  
the parties with respect to the Undersigned undertaking to develop a New  
World Coffee & Bagels Unit on the Site.  
  
 AGREEMENTS  
  
 In consideration of the terms, covenants and conditions hereinafter  
set forth, the Undersigned and the Company hereby agree as follows:  
  
Section I: Approval of the Site  
  
 1. The Undersigned should retain an attorney and other advisors to  
review all agreements with the Company.  
  
 2. The development of the proposed Site as a New World Coffee & Bagels  
Unit must be approved by the Company, as evidenced solely by written notice  
sent to the Undersigned; (a) said approval is subject to the Undersigned  
obtaining all necessary permits, licenses and local governmental approvals;  
and (b) such other contingencies as the Undersigned's attorney may  
recommend, if applicable. The Undersigned will provide the Company with a  
copy of any deed or lease for the Site, within ten (10) days after the  
execution and delivery thereof to the Undersigned or execute a sublease with  
New World Coffee & Bagels if New World Coffee & Bagels is the Lessee. The  
cost is the responsibility of Franchisee even if New World Coffee & Bagels,  
secures permits and builds Unit.  
  
 3. If, the Undersigned decides to proceed with development of a New  
World Coffee & Bagels Unit on the Site, the Undersigned must promptly hire a  
licensed architect whose responsibility shall be (i) to adapt the Company's  
generic plans and specifications to the specific requirements of the Site,  
the building codes and ordinances pertinent to the Site, (ii) to oversee the  
contractor's completion of construction of the New World Coffee & Bagels Unit  
on the Site, and (iii) such other duties as the Company may require.  
  
 4. The Company's approval of the site merely means that the minimum  
criteria which the Company has established for identifying sites for proposed  
New World Coffee & Bagels Units have been met. Due to the fact that Unit  
development is not a precise science, the Undersigned agrees that the  
Company's approval or disapproval of a development shall not impose any  
  
  
  
liability or obligation on the Company. The decision to accept or reject a  
particular site is the Undersigned's, subject to the Company's final  
approval.  
  
Section II: Execution of Documents  
  
 1. Simultaneously with the execution of this Agreement, the Undersigned  
has executed and delivered to the Company, in triplicate, the New World  
Coffee & Bagels Franchise Agreement for the Site.  
  
 2. The Undersigned shall execute such other documents and agreements as  
are customarily required by the Company or that the Company has an interest.  
  
 3. If the Unit Franchise Agreement expires or is terminated for any  
reason the Undersigned, including all successor(s) or assign(s), as Franchise  
Owner, and the owner of the real estate Site must agree to complete   
de-identification of the interior and exterior of the New World Coffee & Bagels  
Unit, upon the Company's request. Such de-identification is to be completed  
at no expense to the Company and within thirty (30) days after expiration or  
termination of the Unit Franchise Agreement.  
  
Section III: Financing  
  
 Prior to the commencement of construction of the New World Coffee &  
Bagels Unit on the Site, the Undersigned shall provide evidence satisfactory  
to the Company that cash and/or financing is in place, sufficient to fund  
completion of construction and purchase of necessary equipment and signs.  
  
Section IV: Development of the New World Coffee & Bagels Unit  
  
 The New World Coffee & Bagels Unit must be developed and constructed in  
strict accordance with the Company's current minimum standards, procedures,  
plans, specifications and documentation (hereinafter collectively the  
"Requirements").  
  
 1. Prior to the commencement of construction of the New World Coffee &  
Bagels Unit on the Site, the plans and specifications prepared by the  
Undersigned's architect must be reviewed by the Company's Construction  
Department and approved for compliance with the Company's design  
Requirements.  
  
 2. The Company's Construction Department shall have the right of entry  
upon the Site at all times, to inspect the construction in progress for the  
purpose of ensuring that all requirements are being met. The Company's  
Construction Manager will not act as an architect or agent of the  
Undersigned. The Construction Manager's duties are limited solely to  
ensuring that the Company's requirements are met on the Site. The  
Undersigned shall not rely upon any opinions expressed by the Construction  
Manager regarding structural integrity, safety or construction procedures,  
building codes or ordinances or other matters properly within the  
responsibility of the Undersigned's architect. The Company assumes no  
liability or responsibility for architectural or engineering judgments  
outside the scope of the Construction Manager's stated duties.  
  
 3. Before the Unit is opened to the public, the Undersigned must obtain  
the Company's approval of the construction of the building, site improvements  
and the installation of all signs and equipment. The Company's approval of  
construction of the New World Coffee & Bagels Unit is not a representation or  
a warranty that the New World Coffee & Bagels Unit has been constructed in  
accordance with any architectural or engineering standards for design or  
workmanship. It merely means that the Company is satisfied that the minimum  
requirements which the Company has established for consistency of design and  
layout have been met. The Undersigned agrees that the Company's approval of  
construction of the New World Coffee & Bagels Unit shall not impose any  
liability or obligation upon the Company. The Undersigned also agrees that  
all franchise and real estate documentation must be complete and all initial  
payments must be received by the Company before the New World Coffee & Bagels  
Unit is opened.  
  
  
  
 4. In addition to the foregoing, the Undersigned shall obtain, and  
shall present to the Company, copies of all required permits, approvals and  
certificates required for occupancy of the New World Coffee & Bagels Unit.   
  
Section V: General Provisions  
  
 1. This Agreement does not constitute that the Undersigned is an agent,  
legal representative, joint venture, partner, employee or servant of the  
Company for any purpose whatsoever; the Undersigned shall be an independent  
contractor and is in no way authorized to make any contract, agreement,  
warranty or representation on behalf of the Company or to create any  
obligation, express or implied, on behalf of the Company. The parties agree  
that this Agreement doe not create a fiduciary relationship between the  
Company and the Undersigned.  
  
 2. Under no circumstances shall the Company be liable for any act,  
omission, debt or any other obligation of the Undersigned. The Undersigned  
shall indemnify and save the Company harmless against any such claim and the  
cost of defending against such claims arising directly or indirectly from, or  
as a result of, or in connection with, the Undersigned's development of a New  
World Coffee & Bagels Unit on the Site.  
  
 3. No failure of the Company to exercise any power reserved to it  
hereunder, or to insist upon strict compliance by the Undersigned with any  
obligation or condition hereunder, and no custom or practice of the parties  
in variance with the terms hereof, shall constitute a waiver of the Company's  
right to demand strict compliance with the terms hereof. Waiver by the  
Company of any particular default by the Undersigned shall not affect or  
impair the Company's right with respect to any subsequent default of the same  
or of a different nature.  
  
 4. All notices hereunder shall be delivered as set forth in Paragraph  
28.1, Article XXVIII of the Franchise Agreement.  
  
 5. This Agreement, and the documents referred to herein shall be the  
entire, full and complete agreement between the Company and the Undersigned  
concerning the subject matter hereof, and supersedes all prior agreements.   
No other representation induced the Undersigned to execute this Agreement;  
and there are no representations, inducements, promises or agreements, oral  
or otherwise, between the parties not embodied herein, which are of any force  
or effect with reference to this Agreement or otherwise. No amendment,  
change or variance from the Agreement shall be binding on either party unless  
executed in writing. Each section, part, term and provision of this  
Agreement shall be considered severable, and if, for any reason, any section,  
part, term or provision herein is determined to be invalid and contrary to,  
or in conflict with, any existing or future law or regulation of a court or  
agency having valid jurisdiction, such shall no impair the operation or  
affect the remaining portions, section, parts, terms or provision of this  
Agreement, and the latter will continue to be given full force and effect and  
bind the parties hereto; and said invalid section, part, term or provision  
shall be deemed not to be a part of this Agreement.  
  
 6. This Agreement shall be interpreted, construed and governed by the  
laws of the State of New York and any claim, action or lawsuit shall be  
commenced in the State of New York, County of Manhattan.  
  
 7. Nothing herein contained shall bar the right of either party to  
obtain injunctive relief against threatened conduct that will cause loss or  
damages, under the usual equity rules, including the applicable rules for  
obtaining preliminary injunctions.  
  
 8. The Undersigned represents that the Undersigned has received the  
Company's Uniform Franchise Offering Circular from the Company at least ten  
(10) business days prior to the date of the Undersigned executing this  
Agreement.  
  
 9. The Company and the Undersigned agree that time is of the essence in  
  
  
  
the Undersigned's performance of his/her obligations hereunder. Any failure  
by the Undersigned to meet the time limits or obligations imposed under this  
Agreement shall constitute a default under Article XVII of the Unit Franchise  
Agreement, for which the Company may terminate the Agreement and the  
Franchise Agreement upon notice to the Undersigned.   
  
 IN WITNESS WHEREOF, the parties have hereunto set their hands and seals  
on the date first written above.  
  
Attest NEW WORLD COFFEE & BAGELS, INC.  
  
  
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
Witness/Attest: THE UNDERSIGNED:  
  
  
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
  
NEW WORLD COFFEE & BAGELS FRANCHISE AGREEMENT  
  
EXHIBIT "E"  
  
 SUBLEASE AGREEMENT  
  
 THIS SUBLEASE made as of this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 19\_\_\_\_  
("Sublease"), by and between New World Coffee & Bagels, Inc., a Delaware  
corporation having its office at 000 Xxxx Xxxxxxxx; Xxx Xxxx, XX 00000  
(hereinafter "Sublessor"), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, having  
his/her principal residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
(hereinafter "Sublessee"):  
  
 1. Sublease:  
  
 (a) This Sublease is subject to and subordinate in all respects to  
that certain lease (hereinafter "Head Lease") to be entered into between the  
Sublessor herein as the Lessee and  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as the  
Lessor, a copy of which Head Lease in substantial form is attached hereto as  
Exhibit "A"; and by this reference made a part hereof as if fully set forth  
herein.  
  
 (b) Sublessee agrees that nothing herein contained shall be deemed  
to grant Sublessee any rights which would conflict with any of the covenants  
and conditions of said Exhibit "A" and Sublessee agrees that he will do  
nothing in, on or about the demised Premises or fail to do anything which  
would result in a breach of Sublessor of its undertakings and obligations  
under the Head Lease.  
  
 (c) Nothing contained herein shall be construed as a guarantee by  
Sublessor of any of the obligations, covenants, warranties, agreements, or  
undertakings of Lessor in the Head Lease nor as an absolute or unconditional  
undertaking by Sublessor to perform the obligations of Lessor on the same  
terms as are contained in the Head Lease.  
  
 2. Premises:  
  
 (a) Sublessor hereby subleases to Sublessee and Sublessee hires  
from Sublessor, the premises known as  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and the building located thereon  
(hereinafter "Premises"), to be used by Sublessee only as a franchisee of New  
World Coffee & Bagels, Inc. (hereinafter "Franchisor") for the sole purpose  
of operating a "New World Coffee & Bagels" store ("Store") subject to the  
terms of a certain Franchise Agreement entered into by and between Sublessor  
and Sublessee, dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. 19\_\_\_\_ ("Franchise Agreement").  
  
 (b) Sublessee acknowledges that the Premises is not presently  
suitable for use as a Store and agrees to complete those leasehold  
improvements at Sublessee's sole cost and expense in conformity with all of  
the terms of the Head Lease and in general conformity with the prototype  
plans and designs for the Store.  
  
 (c) Sublessee shall promptly execute and comply with all statutes,  
ordinances, rules, orders, regulations and requirements of federal, state and  
local governments and of any and all their departments and bureaus applicable  
to said Premises.  
  
 (d) Before commencing any work or installing any equipment in  
connection with repair or alteration of the Premises, Sublessee shall:  
  
 1. Obtain the necessary consents, authorizations and  
licenses from the federal, state and/or municipal authorities asserting  
jurisdiction over the work to be done, and no work shall be started or  
equipment installed unless and until all such necessary consents,  
authorizations and licenses shall first have been duly obtained by the  
  
  
  
Sublessee and/or his contractor or other persons doing the work or installing  
the equipment on behalf of Sublessee. The foregoing shall not apply if  
Sublessor assumes responsibility for obtaining the foregoing;  
  
 2. Enter into proper contracts with contractors,  
subcontractors and materialmen, which contracts will provide, among other  
things, that said work shall be done and equipment installed in good  
workmanlike manner and in accordance with the plans and specifications  
previously approved, and consents, authorizations and licenses previously  
obtained, and which contracts shall provide that the contractor or other  
persons referred to above will look solely to the Sublessee for payment and  
will hold the Sublessor and the Demised Premises free from all liens and  
claims of any persons furnishing labor or furnishing materials therefor, or  
both, and will also provide similar waivers or rights to file liens obtained  
from any and all of said contractors, subcontractors and materialmen; copies  
of said contracts together with duly executed waivers of the right to file  
liens executed by the contractors or other persons referred to above shall be  
furnished to the Sublessor;  
  
 3. Sublessee shall also indemnify and save harmless  
Sublessor against any and all bills for labor performed and equipment,  
fixtures and material furnished to Sublessee in connection with said work as  
aforesaid, and against any and all liens, bills or claims therefor or against  
the Demised Premises; and within twenty (20) days, bond or discharge any such  
liens, the failure to do so shall be deemed a material breach of this  
Sublease; and  
  
 4. Sublessee, at his own cost and expense, with respect to  
any repairs or alterations made by him, shall promptly comply with all laws,  
ordinances, orders, rules and regulations of each and every department and  
bureau of the city and state and the United States and any other lawful  
authority asserting jurisdiction over the Premises, and shall reimburse  
Sublessor for any expenses incurred on account of failure by Sublessee to  
comply with any such requirements, and any expenses so incurred by Sublessor  
as aforesaid, shall be deemed "additional rent" under this Sublease and due  
and payable by Sublessee to Sublessor on the first day of the month following  
the payment of same by Sublessor. Sublessee, or any contractors employed by  
Sublessee, or any other persons who will do the work or install the equipment  
as aforesaid, shall be fully covered by Worker's Compensation Insurance and  
liability insurance in the minimum amount of $1,000,000/$2,000,000 and  
certificates thereof shall be furnished to Sublessor before commencement of  
any work by any such contractor or persons as aforesaid.  
  
 (e) If Sublessee requests Sublessor to guarantee an obligation to  
the architect or contractor commissioned by Sublessee for the improvements,  
and Sublessor agrees to do so in a separate instrument, Sublessee agrees that  
any default in payment by Sublessee to the architect or contractor shall  
constitute a material breach hereof and shall be treated as though Sublessee  
has defaulted in the payment of rent hereunder. Sublessee acknowledges that  
any such guarantee will be given by Sublessor merely as an accommodation to  
Sublessee and Sublessee agrees to hold Sublessor harmless thereunder. This  
provision shall not be construed to be an agreement by Sublessor to make such  
a guarantee, which can only be made in a separate instrument.  
  
 3. Term:  
  
 (a) This Sublease shall commence on the date hereof and shall end  
one day prior to the end of the Head Lease.  
  
 (b) Sublessee shall have such options to renew this Sublease as  
are provided to Sublessor in the Head Lease to renew same, if any, which  
options shall be conditioned upon Sublessor exercising in each instance, the  
option in the Head Lease to which Sublessee's option relates and shall be  
conditioned upon the Franchise Agreement being in full force and effect and  
Sublessee being in full compliance therewith.  
  
 (c) Each option period, if any, shall run for one (1) day less  
than the period available to Sublessor under the Head Lease and shall  
therefore expire one (1) day prior to the end of the then-current term.  
  
  
  
  
 4. Rental:  
  
 (a) The fixed minimum rental payable by Sublessee shall be  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_).  
  
 The above rental is the net minimum rental and shall be  
absolutely net to the Sublessor without any right of offset, claim or  
withholding.  
  
 (b) In the event the Head Lease contains a provision which may  
result in the rental payable by Sublessor under the Head Lease being adjusted  
on the basis of percentage rent charges, or being adjusted during the term  
hereof or in any renewal term because of cost of living index changes or  
other incremental increases, and in the event such an adjustment is in fact  
made under the Head Lease, the fixed minimum rental payable hereunder shall  
be adjusted by the same percentage as the rent under the Head Lease is  
adjusted.  
  
 (c) The fixed monthly rental installments and additional rents and  
charges shall be paid directly to Lessor in accordance with the terms of the  
Head Lease, unless otherwise directed by Sublessor.  
  
 (d) Any monies due to Franchisor from Sublessee or other payments  
to be made by Sublessee pursuant to the Franchise Agreement shall be deemed  
additional rent hereunder.  
  
 5. Sublessee's Franchise from Franchisor:  
  
 (a) Simultaneously with, or prior to, execution of this Sublease,  
Sublessee has also entered into the Franchise Agreement solely for the  
operation of the Store at the Demised Premises. Sublessee agrees that if the  
aforesaid Franchise Agreement shall be terminated either by Sublessee or by  
Franchisor for any reason, Sublessor shall, in either event, then have the  
unqualified and absolute right to terminate this Sublease upon five (5) days'  
written notice, and at the end of said five (5) day notice period, the  
Sublessor may re-enter or may institute summary or holdover proceedings to  
evict Sublessee and all those in possession of the Premises by reason of the  
termination of this Sublease as herein provided.  
  
 (b) Any uncured default under the Franchise Agreement by Sublessee  
shall constitute a material default hereunder and shall entitle Sublessor to  
re-enter the Premises, without being liable for trespass, or institute  
summary or holdover proceedings to evict Sublessee and all those in  
possession in the event such default remains uncured. And, wherever the  
default under the Franchise Agreement shall pertain to the payment of money  
by Sublessee, such default thereunder shall constitute a default in the  
payment of rent hereunder and Sublessee shall have all remedies available to  
it hereunder as though the same were a default in the payment of the fixed  
minimum rental.  
   
 6. Head Lease Inclusions and Exclusions:  
  
 (a) The parties hereby agree that all of the other covenants and  
agreements by the Franchisor or Sublessor, including all extra charges and  
obligations, if any, which are contained in the aforesaid Head Lease,  
including all riders and addenda hereto (being Exhibit "A" hereto) are hereby  
assumed by Sublessee and by this reference are made a part hereof and  
included in this Sublease as if herein fully written and as if the words  
"Sublessor" and "Sublease: were originally wherever the words "Lessor" and  
"Lessee" appear therein.  
  
 (b) With reference to the included paragraphs of said Head Lease,  
pertaining to the insurance obligations of Sublessor which along with all  
others are hereby taken over from the Sublessor and assumed by Sublessee, it  
is agreed that the insured parties under all of said insurance policies shall  
be as their interest may appear (in addition to Sublessee).  
  
  
  
 7. Tax Deposit:  
  
 When and if requested, Sublessee agrees to pay to Sublessor in  
advance, on each monthly rental payment date, an additional amount equal to  
one twelfth (1/12) of the annual taxes and assessments levied against the  
demised Premises for the period for which collected. Sublessor shall use  
such monies for payment of such taxes or assessments as they become due and  
payable. In the event such monies are insufficient for such purpose,  
Sublessee shall immediately, upon notice, pay the difference to Sublessor.   
In remitting such taxes or assessments, Sublessor shall not be responsible  
for their validity, accuracy or reasonableness and shall not be required to  
make advances thereof. Sublessor shall not be required to pay any interest  
on any payments made hereunder by Sublessee and Sublessee hereby expressly  
waives any right, statutory or otherwise, to have Sublessor pay interest on  
said payment.  
  
 8. Assignment and Subletting:  
  
 Sublessee shall not assign or sublet the Demised Premises nor any  
part thereof. Sublessor shall be under no obligation whatsoever to consent  
to, approve or submit to any assignment or subletting and may withhold such  
consent or approval for any reason or no reason.  
  
 9. Notices:  
  
 All notices to be given to the Sublessor or Sublessee may be given  
in writing personally or by certified mail, return receipt requested, postage  
prepaid; sent to Sublessee at the Demised Premises and to the Sublessor at  
000 Xxxx Xxxxxxxx; Xxx Xxxx, XX 00000. Delivery thereof shall be  
conclusively presumed as having been made within three (3) days from the date  
of mailing.  
  
 10. Default and Remedies:  
  
 (a) Any monetary obligation of Sublessee, including rental  
payments which are not paid when due, shall bear interest from the due date  
at a rate per annum of two (2) percentage points above the prime lending rate  
of Citibank, N.A., in effect on the first day of each month for the period  
during which any such amount is outstanding. This provision does not limit  
any other remedies as provided hereunder.  
  
 (b) If any voluntary or involuntary petition in bankruptcy shall  
be filed by or against Sublessee, or any voluntary or involuntary proceedings  
in any court or tribunal shall be instituted to declare Sublessee insolvent  
or unable to pay its debts, then upon such occurrence, but with or without  
entry or other action by Sublessor, this Sublease and Franchise Agreement  
shall immediately terminate, and, notwithstanding any other provisions of  
this Sublease, Sublessor shall forthwith upon such termination be entitled to  
recover damages in an amount equal to the rental herein provided for the  
residue of the term hereof.  
  
 (c) If Sublessee defaults in the payment of rent, or, if Sublessee  
defaults in the prompt and full performance of any other provision of this  
Sublease and such other default continues for ten (10) days after Sublessor's  
written notice thereof to Sublessee, or if Sublessee makes an assignment for  
the benefit of creditors, or if a receiver be appointed for the property of  
Sublessee or if Sublessee abandons or vacates the Premises, then, and in any  
such event, Sublessor may, if Sublessor so elects, but not otherwise, and  
with or without notice of such election and with or without any demand  
whatsoever, either forthwith terminate this Sublease and Sublessee's right to  
possession of the Premises, or without terminating this Sublease, terminate  
Sublessee's rights to possession of the Premises, and terminate the Franchise  
Agreement.  
  
 (d) In addition to the remedies of Sublessor specified in the  
aforesaid paragraphs, the parties hereto agree that the only notices  
necessary to terminate this Sublease and Franchise Agreement are those  
enumerated herein, with all other notices and demands required by statute or  
law being hereby waived by Sublessee, and further that this Sublease and the  
Franchise Agreement may also be terminated at the election of Sublessor  
  
  
  
without further notice or demand in the following event:  
  
 (i) If Sublessee establishes a pattern of repeated defaults  
 in that Sublessee fails to make any payment of money under this  
 Sublease when due, or defaults in the performance of any covenants,  
 undertakings, or obligations other than for the payment of money  
 required by this Sublease to be performed by Sublessee, in three (3)  
 consecutive calendar months or in any four (4) months during the same  
 calendar year (whether the same or different failures or defaults are  
 involved), then notwithstanding that Sublessee has cured within the  
 times prescribed for any such failures and defaults occurring in the  
 first two (2) consecutive months or in any three (3) months in the  
 same calendar year, it is nevertheless agreed that the occurrence of  
 such failure of default for the third consecutive calendar month or  
 for the fourth month in the same calendar year shall be conclusively  
 deemed to be an immediate material breach of this Sublease permitting  
 termination without further demand or notice of any kind and without  
 any right on the part of Sublessee to cure; and  
  
 (ii) If Sublessee willfully falsifies any statement or report  
 required to be submitted to Sublessor under the terms of this  
 Sublease.  
  
 (e) If Sublessee attempts to or actually does pledge, hypothecate  
or mortgage this Sublease to any third party, this Sublease shall immediately  
terminate.  
  
 (f) In addition to all other remedies available to Sublessor  
hereunder, and not by way of limitation, if Sublessee shall default in the  
observance or performance of any term or covenant on its part to be performed  
or observed under or by virtue of any of the terms of provisions in any  
article of this Sublease, Sublessor, without being under any obligation to do  
so and without thereby waiving such default, may remedy such default for the  
account and at the expense of Sublessee. Such sums paid or obligations  
incurred with interest and costs shall be deemed to be additional rent  
hereunder and shall be paid to Sublessor by Sublessee.  
  
 11. Right of Entry and/or Possession:  
  
 If, for any reason, Sublessee should be in default of his/her  
obligations hereunder or in his/her obligations under the Franchise  
Agreement, or any stipulation signed by Sublessee, the Sublessor shall have  
the right to enter upon the Premises of Sublessee at any hour, not just  
Sublessee's business hours, to take possession of the Store and Sublessee  
agrees that the Sublessor shall not be required to obtain prior permission to  
enter upon the premises and operate the Store; Sublessee hereby grants the  
Sublessor the limited power of attorney to obtain an order and judgment in  
the Sublessee's behalf in any court of competent jurisdiction to order and  
authorize the entry of the Sublessor on the premises and the operation of the  
Store. Franchisee further agrees that if the Sublessor is forced to resort  
to this procedure by any interference with the Sublessor's rights hereunder  
or for any other reason, Sublessee shall pay all attorney's fees and other  
costs associated with the Sublessor's obtaining such order and judgment on  
its behalf.  
  
 12. Abandoned Property:  
  
 Any personal property or equipment of Sublessee which is removable  
by Sublessee pursuant to the Head Lease, if not removed within ten (10) days  
of Sublessee's vacating of the demised Premises for any reason, shall at the  
option of Sublessor, be deemed to have been abandoned and in such event  
shall, in consideration of the making of this Sublease, thereupon become the  
property of Sublessor.  
  
 13. Guaranty By Sublessee:  
  
 In consideration of the making of this Sublease by Sublessor, the  
undersigned Sublessee does hereby guarantee to Sublessor the payment of all  
rent, additional rent, impositions and charges of any kind required herein to  
  
  
  
be paid by Sublessee and the performance by Sublessee of all of the terms and  
conditions of this Sublease. Sublessee hereby waives any notices hereunder  
or acceptance hereof and consents to any extension of time, indulgence or  
waivers granted by Sublessor to Sublessee or any other action or modification  
of the Sublease terms regardless of whether they affect the extent or nature  
of the obligations of the Sublessee and Sublessee agrees to pay all of the  
Sublessor's expense, including attorneys fees incurred by Sublessor in  
enforcing this Guaranty or the obligations of the Sublessee herein.  
  
 14. Miscellaneous:  
  
 (a) The words "Sublessor" and "Sublessee" shall mean respectively  
all parties of Sublessor or Sublessee, regardless of number, and the word  
"he" shall be synonymous with "she", "it" and "their".  
  
 (b) All remedies of the parties hereto are cumulative.  
  
 (c) No waiver by Sublessor of any provision or undertaking  
hereunder shall be valid unless in writing signed by an authorized officer of  
Sublessor. No waiver by either party hereto of any provision of default  
hereunder, whether in a single instance or repeatedly, shall be deemed a  
future waiver of such provision or default. Receipt of acceptance of rent by  
Sublessor shall not be deemed a waiver of any default under the covenants,  
agreements, terms, provisions and conditions of this Sublease, or of any  
right which Sublessor may be entitled to exercise under this Sublease.  
  
 IN WITNESS WHEREOF, the parties have executed this instrument the day  
and year first above written.  
  
SUBLESSOR: SUBLESSEE:  
  
  
BY:\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
WITNESS: WITNESS:  
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
EXHIBIT "F"  
  
  
  
 TRANSFER OF FRANCHISE TO A CORPORATION  
  
The undersigned, an officer, director and owner of a majority of issued and  
outstanding voting stock of the corporation set forth below and the  
Franchisee of the "New World Coffee & Bagels", Store under a Unit Franchise  
Agreement executed on the date set forth below, between himself and "New  
World Coffee & Bagels, Inc." As Franchisor, granting him a franchise to  
operate at the location set forth below and the other undersigned directors,  
officers and shareholders of the corporation, who together with Franchisee  
constitute all of the shareholders of the corporation, in order to induce  
Franchisor to consent to the assignment of the Franchise Agreement to the  
corporation in accordance with the provisions of Article XX of the Unit  
Franchise Agreement, agree as follows:  
  
 1. The undersigned Franchisee shall remain personally liable in all  
respects under the Unit Franchise Agreement and all the other undersigned  
officers, directors and stockholders of the corporation intending to be  
legally bound hereby, agree jointly and severally to be personally bound by  
the provisions of the Unit Franchise Agreement, including the restrictive  
convenants contained in Article XIV thereof, to the same extent as if each of  
them were the Franchisee's obligations set forth in the Agreement.  
  
 2. The undersigned agree not to transfer any stock in the corporation  
without the prior written approval of the Franchisee and agree that all stock  
certificates representing shares in the corporation shall bear the following  
legend:  
  
 "The shares of stock represented by this certificate are subject to the  
terms and conditions set forth in a Unit Franchise Agreement dated  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 19\_\_\_, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and New World Coffee &  
Bagels, Inc.  
  
 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or his designee shall devote his  
best efforts to the day-to-day operation and development of "New World Coffee  
& Bagels" Store.  
  
 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hereby agrees to become a party to  
and to be bound by all of the provisions of the Unit Franchise Agreement  
executed on the date set forth below between Franchise and New World Coffee  
& Bagels, Inc., to the same extent as if it were named as the Franchisee  
herein.  
  
 FRANCHISOR:  
 NEW WORLD COFFEE, INC.  
  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
 FRANCHISEE:  
   
  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   
  
  
  
  
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EXHIBIT "G"  
TO FRANCHISE AGREEMENT  
DATED \_\_\_\_\_\_\_\_\_\_, \_\_\_\_ BETWEEN  
NEW WORLD COFFEE & BAGELS AND  
-----------------  
  
 NON-DISCLOSURE AND NON-COMPETITION AGREEMENT  
  
 THIS AGREEMENT is made by and between NEW WORLD COFFEE & BAGELS, INC.,   
a Delaware corporation (the "Franchisor") and   
(the "Franchisee"), and (the "Manager"), both of whom  
shall be collectively referred to as "Franchisee".  
  
 WHEREAS, the Franchisor has developed an established business and is  
engaged in the development, marketing and sale to franchisees of an efficient  
and distinctive system of training employees, preparing, serving,  
merchandising, and selling proprietary coffee, bagels and bakery products,  
salads, fancy cream cheeses, deli products and other non-alcoholic beverages,  
served by a distinctively uniformed staff, and well trained, in distinctively  
designed, furnished, decorated and equipped stores under the name "New World  
Coffee & Bagels"; and  
  
 WHEREAS, the Franchisor has developed and uses the name "New World  
Coffee & Bagels" and associated service marks, designs, and symbols in the  
design and appearance of its stores (collectively referred to as the  
"Marks"), identifying the goodwill which the Franchisor has developed in  
connection with the operation of "New World Coffee & Bagels" stores by the  
Franchisor and its franchisees (all of which is hereinafter referred to as  
the "System"); and  
  
 WHEREAS, the Franchisor desires to preserve the Marks and the System,  
and has plans, where profitable, to increase the number of "New World Coffee  
& Bagels" stores within the United States and elsewhere; and  
  
 WHEREAS, the Franchisee desires to obtain and maintain the right to own  
and operate one or more "New World Coffee & Bagels" stores and the Franchisor  
desires to grant such right to Franchisee subject to the terms set forth  
below.  
  
 WHEREAS, the Franchisee's store Manager has been hired by Franchisee to  
run the day to day activities of Franchisee's store and such Manager must  
therefore be bound by the same confidentiality and non-competition agreement  
that Franchisee is bound by.  
  
 IN CONSIDERATION of these premises, and the conditions stated herein,  
the parties agree as follows:  
  
 1. Purpose of Agreement. The Franchisor is placing the Franchisee in  
a position of trust and confidence in order to aid the Franchisor in its  
development, marketing, sale and expansion of the System. As a precondition  
of the grant of the right to own and operate a "New World Coffee & Bagels"  
store, the Franchisor desires to receive from the Franchisee (i) an agreement  
not to disclose certain information relating to the Franchisor's business,  
(ii) an agreement not to compete against the Franchisor for a certain period  
of time and (iii) an agreement concerning the ownership of certain  
information. This Agreement sets forth the terms of their agreements and  
understandings.  
  
 2. Franchisor Ownership of Materials. All information, ideas,  
research, methods, techniques, specifications, guidelines, secret recipes,  
manuals, procedures, systems, improvements, notes, data, tapes, reference  
items, financial information, literature, files, supplier lists, notebooks,  
calendars, sketches, drawings, memoranda, records and copyrighted and other  
materials, including the Franchisor's Confidential Operating Manual, and the  
  
  
  
goodwill associated with them, which in any way relate to the Franchisor's  
past, present or potential business or which were prepared or received by the  
Franchisee as a franchisee of the Franchisor and a participant in the System  
(hereinafter collectively referred to as "Confidential Information") are the  
exclusive property of the Franchisor. Franchisee agrees to deliver to the  
Franchisor all copies of such materials including the Franchisee's own  
personal work papers, which are in the Franchisee's possession or under the  
Franchisee's potential control at the request of the Franchisor or, in the  
absence of such a request upon the termination of that certain Franchise  
Agreement dated even date herewith between Franchisor and Franchise (the  
"Franchise Agreement").  
  
 3. Confidential Information. The Franchisee acknowledges that the  
Franchisor's Confidential Information is a valuable and unique asset which  
the Franchisee holds in trust for the Franchisor's sole benefit. The  
Franchisee agrees that the Franchisee shall not, at any time during and for  
a period of fifty (50) years after the Franchisee ceases to be a franchisee  
of the Franchisor or a participant in the System, use for itself or for  
others, or disclose to any person, corporation or other entity for any  
reason, any of the Franchisor's Confidential Information, without the prior  
written consent of the Franchisor.  
  
 4. Trade Secrets. The Franchise acknowledges that the Franchisor's  
Confidential Information and its methods and techniques of operation, and  
food preparation, merchandising, recipes, specifications, its financial  
condition, customer service, marketing and pricing strategies, as well as the  
information compiled and developed regarding improvements or enhancements to  
the System, including the Confidential Operating Manual, are uniquely  
valuable to the Franchisor and have been developed through considerable  
expense and effort, and thus are not usually ascertainable by a competitor  
without considerable investment of effort and expense ("Trade Secrets").  
  
 In light of the need to protect and preserve the confidentiality of  
these Trade secrets and in consideration of Franchisee's continued right to  
own and operate a "New World Coffee & Bagels" store, the Franchisee agrees,  
at all times while a franchise of the Franchisor and for as long as  
Franchisor remains in business anywhere in the world, to respect the  
confidentiality of the Franchisor's Trade Secrets, to use them solely for the  
benefit of the Franchisor's business, and to refrain from disclosing or  
making available the Trade Secrets to any third party without the prior  
written consent of the Franchisor. The Franchisee further agrees to take all  
reasonable security measures to ensure that the Franchisee's employees comply  
with this Agreement and such other security measures as are reasonably  
requested by the Franchisor to prevent accentual disclosure.  
  
 5. Assignment of Inventions. All ideas, improvements, processes,  
names, menu items, and enhancements to the System or which relate to or are  
useful to the Franchisor's business which the Franchisee, alone or with  
others, may invent, discover, make or conceive ("Inventions") are the  
exclusive property of the Franchisor, and the Franchisee shall promptly and  
fully disclose them of the Franchisor. At any time, at the Franchisor's  
request and expense, the Franchisee shall, without further compensation: (i)  
promptly record such Inventions with the Franchisor; (ii) execute any  
assignments and other documents the Franchisor deems desirable to protect its  
rights in the Inventions; and (iii) assist the Franchisor in enforcing its  
rights with respect to these Inventions.  
  
 6. Restrictions on Unfair Competition. It is recognized by the  
Franchisee that as the natural result of the Franchisee's participation in  
the System as a franchisee of the Franchisor, Franchisee will gain access to  
the Franchisor's Trade Secrets and Confidential Information, and will gain  
the trust, confidence and respect of the Franchisor's landlord's, customers  
and suppliers. The Franchisee acknowledges that the Franchisor has a  
legitimate need to protect itself against unfair competition by its  
franchisees and their employees. Therefore, in consideration for the  
Franchisee's participation in the System as a franchisee of the Franchisor,  
the Franchisee agree that while a franchisee of the Franchisor and for two  
(2) years after termination of the Franchise Agreement, regardless of the  
circumstances giving rise to the termination, or after the Franchisee ceases  
to be a participant in the System, and within the Area of Minimum Competition  
as defined in Article XIV of the Franchise Agreement, Franchisee shall not:  
  
  
  
  
  
 (a) Have or acquire an interest in a similar business to that  
offered or developed by the Franchisor which provides the same or  
substantially similar products as those sold, distributed, manufactured or  
furnished by the Franchisor during the term of the Franchise Agreement. For  
purposes of this Agreement, "similar business" means a food service outlet  
that sells bagels or cream cheese or muffins or coffee. ("Products");  
  
 (b) Engage, directly or indirectly, on the Franchisee's own  
behalf, or on behalf of any other person, firm, partnership or corporation,  
in providing, assisting, instructing or supervising the marketing,  
distribution or sale of the Products of any similar business to those offered  
and provided or manufactured by the Franchisor as of the termination of this  
Agreement;  
  
 (c) Compete, directly or indirectly, with the Franchisor in the  
offering, distribution or sale of products similar to the Products offered or  
provided or manufactured by Franchisor as of the termination of this  
Agreement. Prohibited competition under this subsection (c) may include, but  
is not limited to, the solicitation of, attempted solicitation, or other  
contacts with franchisees, landlords, suppliers and customers of the  
Franchisor for the purpose of offering, providing or delivering Products or  
services similar to those offered and provided by the Franchisor to the  
public; or the request, suggestion or advice to Franchisees, landlords,  
suppliers or customers, either directly or indirectly, to withdraw, curtail,  
limit or cancel their business with the Franchisor; or to disclose, directly  
or indirectly, to any other person the names and addresses of franchisees,  
landlords, suppliers and customers of the Franchisor; or the terms and  
conditions of the Franchisor's contracts with suppliers of these   
Products;  
  
 (d) Hire or engage, or attempt to hire or engage, directly or  
indirectly, any individual who is an employee of the Franchisor at the time  
of such solicitation, or was an employee during the calendar year immediately  
preceding the Franchisee's termination as a participant in the System as a  
franchisee of Franchisor, whether such actions are undertaken on behalf of  
the Franchisee or on behalf of another entity; or  
  
 (e) Otherwise take direct actions to disrupt the operations of the  
Franchisor or interfere with the Franchisor's performance of its contracts  
with third parties.  
  
 7. Enforcement.  
  
 (a) Injunction. The Franchisee understands and agrees that the  
Franchisor will suffer irreparable harm if Franchisee breaches any of  
Franchisee's obligations under this Agreement, and that monetary damages  
shall be inadequate to compensate the Franchisor for any such violation.   
Accordingly, the Franchisee agrees that in the event Franchisee violates or  
threatens to violate any of the provisions of this Agreement, the Franchisor,  
in addition to all other remedies or damages which it may have, shall be  
entitled to seek an injunction to prevent or to restrain any such violation  
by the Franchisee or by any or all of the Franchisee's directors,  
stockholders, officers, partners, employees, agents or any other person  
directly or indirectly acting for, on behalf of or with the Franchisee. The  
Franchisee consents to the seeking of the injunction as being a reasonable  
measure to protect the Franchisor's rights.  
  
 (b) Jurisdiction. The Franchisee agrees that any lawsuit brought  
by the Franchisor to enforce its rights under this Agreement shall be brought  
in the appropriate court located in the State of New York, County of  
Manhattan, and the Franchisee agrees and consents to the jurisdiction of such  
court to resolve all disputes which arise out of this Agreement or any  
alleged breach thereof in a state court, regardless of Franchisee's residency  
at the time such suit is filed. Any lawsuit brought against the Franchisor  
or its officers, directors or agents arising out of this Agreement, or any  
alleged breach thereof, must be brought within one (1) year of the event  
giving rise to the cause of action. The failure to commence such action by  
or on behalf of the Franchisee within this time period shall serve to bar any  
rights the Franchisee may have against the Franchisor or its officers,  
directors and agents.  
  
  
  
   
 (c) Costs. The Franchisee further agrees that if he/she acts in  
any manner which causes the Franchisor to seek any form of judicial relief or  
remedy against Franchisee, the Franchisor, in addition to its other remedies,  
shall be entitled to recover from the Franchisee all costs incurred,  
including its attorney's fees.  
  
 8. Reasonableness of Restrictions: Severability. The Franchisee has  
read and considered carefully the provisions of sections 1 through 7 of this  
Agreement, and agrees that the restrictions are fair and reasonably required  
for the protection of the interests of the Franchisor, its business and its  
officers, directors and employees, even though no geographic limitation is  
included because of the national nature of the franchise business. The  
Franchisee further agree that the restrictions set forth in this Agreement  
shall not impair Franchisee's ability to secure employment or acquire an  
interest in a business in another field of choice, other than the restricted  
field described in section 6.  
  
 9. Miscellaneous.  
  
 (a) All agreements and covenants contained herein are severable.   
If any of them, or any part or parts of them, shall be held invalid by any  
court of competent jurisdiction for any reason, then the Franchisee agrees  
that the court shall have the authority to reform and modify that provision  
in order that the restriction shall be the maximum necessary to protect the  
Franchisor's legitimate business needs as permitted by applicable law and  
public policy. In so doing, the Franchisee agrees that the court shall  
impose the provision with retroactive effect as close as possible to the  
provision held to be invalid. Further, the Franchisee agrees that a breach  
or alleged breach by the Franchisor of any obligation owed by the Franchisor  
shall not affect the validity or enforceability of the provisions of this  
Agreement.  
  
 (b) This Agreement was entered into and shall be governed by the  
laws of the state of New York.  
  
 (c) No delay or failure by the Franchisor to exercise any right  
under this Agreement, and no partial or single exercise of that right, shall  
constitute a waiver of that or any other right provided herein, and no waiver  
of any violation of any terms and provisions of this Agreement shall be  
construed as a waiver of any succeeding violation of the same or any other  
provision of this Agreement.  
  
 (d) In the event that any provision of this Agreement, or a  
portion thereof, shall be held to be invalid or unenforceable, this ruling  
shall not effect in any manner the validity of the remaining provisions.  
  
 (e) The rights and obligations of the Franchisor under this  
Agreement shall inure to the benefit of and shall be binding upon the parties  
hereto, as well as the affiliates of the Franchisor and any future successors  
and assigns of the Franchisor.  
  
 (f) No modification of this Agreement shall be valid unless it is  
in writing and signed by both the Franchisee and an authorized representative  
of the Franchisor. This Agreement contains the entire agreement between the  
parties and is expressly intended by the Franchisee and the Franchisor to  
supersede and replace any prior agreements on these issues between the  
parties.  
  
 (g) The Manager, if any, hereby executes this Agreement to  
evidence his/her or their consent to be bound by each and every provision.   
  
  
  
 IN WITNESS WHEREOF, the Franchisor and the Franchisee attest that each  
has read and understands the terms of this Agreement, and voluntarily signed  
this Agreement on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_, 19\_\_.  
  
 FRANCHISOR:  
 NEW WORLD COFFEE & BAGELS, INC.  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
 FRANCHISEE:  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   
  
  
 MANAGER:  
  
  
 By:   
  
  
  
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EXHIBIT "H"  
  
 ADDENDUM TO NEW WORLD COFFEE & BAGELS AGREEMENT  
 FOR A SATELLITE UNIT  
  
Type of Units: \_\_\_\_\_\_ Satellite \_\_\_\_\_\_ Cart \_\_\_\_\_\_ Kiosk \_\_\_\_\_\_ Branded Case  
\_\_\_\_\_\_ Other:\_\_\_\_\_\_\_\_  
  
Date of Franchise Agreement:  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   
  
Franchisee:  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   
  
Addendum to Introduction: The Producing Unit  
  
Products sold at the New World Coffee & Bagels Unit shall be produced in the  
New World Coffee & Bagels unit owned by FRANCHISEE (or, if applicable, the  
partners or shareholders of FRANCHISEE) located at  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Producing Unit"), except as  
New World Coffee & Bagels, Inc. may otherwise authorize and direct in  
writing.  
  
FRANCHISEE shall also participate in and make additional payments to the Fund  
with respect to all advertising, marketing and other New World Coffee &  
Bagels programs as from time to time are supported or required to be  
supported by the Producing Unit.  
  
Addendum to Article V: Initial and Continuing Fees Payable to Franchisor  
  
5.9 The initial franchise fee for the Satellite Unit described herein shall  
be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Said fee shall be due and payable upon the execution of  
this Addendum.  
  
Addendum to Article VIII: Additional Obligations and Duties of Franchisee  
  
8.22 The New World Coffee & Bagels unit is a non-producing New World Coffee  
& Bagels sales outlet. Accordingly, FRANCHISEE shall not, without prior  
written consent of New World Coffee & Bagels, manufacture any product at the  
New World Coffee & Bagels unit, except as authorized or directed by New World  
Coffee & Bagels, Inc. New World Coffee & Bagels reserves the right, in its  
sole and absolute discretion, to require FRANCHISEE to manufacture, in whole  
or in part, and at the New World Coffee & Bagels Unit products now or  
hereafter designated as approved for sale at the New World Coffee & Bagels  
Unit. Products not manufactured at the New World Coffee & Bagels Unit shall  
be manufactured at the Producing Unit and at no other place unless prior  
written approval is granted by New World Coffee & Bagels, Inc.  
  
8.23 FRANCHISEE shall transport products and supplies from the Producing  
Unit to this New World Coffee & Bagels Unit on a schedule and in a manner  
acceptable to New World Coffee & Bagels, Inc. that ensures compliance with  
federal, state and local regulation as well as New World Coffee & Bagels  
quality, freshness and other standards and that an adequate supply of product  
is available for sale.  
  
8.24 FRANCHISEE shall purchase such refrigeration and or cooler equipment  
that meets New World Coffee & Bagels's specifications. Such equipment shall  
be required for all Branded Case Units.  
Addendum to Article XII: Insurance  
  
FRANCHISEE shall also maintain a policy or policies of product liability,  
vehicle liability, and non-owned vehicle liability insurance coverages, in  
the amounts set forth in Paragraph 12.1 A & D of the Franchise Agreement.  
  
Addendum Article XVII.: Termination  
  
  
  
  
17.1P FRANCHISEE shall be default under this Franchise Agreement if  
FRANCHISEE (or, if applicable, the partners or shareholders of FRANCHISEE)  
fails to comply with all the requirements imposed by the Franchise Agreement  
for the Producing Unit.  
  
Addendum to Article XVII.: Termination  
  
17.1Q FRANCHISEE shall be in default under this Franchise Agreement if the  
Franchise Agreement for the Producing Unit is terminated.  
  
Addendum to Article XVII.: Termination  
  
17.2D A thirty day cure period shall apply if FRANCHISEE (or, if applicable,  
the partners or shareholders of FRANCHISEE) fails to comply with any of the  
requirements imposed by the Franchise Agreement for the Producing Unit.  
  
Addendum to Article XVII.: Termination  
  
17.2E No cure period shall be available if the Franchise Agreement for the  
Producing Unit is terminated.  
  
Addendum to Article XX: Transferability of Interest  
  
20.9 If a transfer, alone or together with other previous, simultaneous or  
proposed transfers, whether related or unrelated, would have the effect of  
transferring an interest of fifty percent (50%) or more of the franchise of  
the New World Coffee & Bagels Unit or the entity holding such franchise, to  
someone other than an original signatory of this Franchise Agreement, the  
following provisions shall apply: The proposed transferee must satisfy New  
World Coffee & Bagels then current multi-unit owner guidelines; have  
ownership interest in a full producing New World Coffee & Bagels unit at the  
time of transfer (and continuously thereafter during the term of the  
transferee's Franchise Agreement for the New World Coffee & Bagels unit),  
which New World Coffee & Bagels, Inc., in its sole and absolute discretion,  
authorizes as the Producing Unit for the New World Coffee & Bagels Unit.  
  
Addendum to Article XX: Transferability of Interest  
  
20.10 If a transfer, alone or together with other previous, simultaneous or  
proposed transfers, whether related or unrelated, would have the effect of  
transferring an interest of fifty percent (50%) or more of the franchise  
licensed by the Franchise Agreement for the Producing Unit, or the entity  
holding such franchise, to someone other than an original signatory of the  
Franchise Agreement for the Producing Unit, such transferee must also qualify  
as a transferee of the New World Coffee & Bagels unit and purchase an  
equivalent interest in the franchise for the New World Coffee & Bagels Unit.   
FRANCHISEE and the partners or shareholders thereof shall execute an  
amendment to the Franchise Agreement for the Producing Unit in a form  
satisfactory to New World Coffee & Bagels, Inc.  
  
  
  
Miscellaneous  
  
In all other respects, except as specifically modified herein, the parties do  
hereby ratify and affirm the terms of the Franchise Agreement.  
  
The Addendum is attached to and made a part of the Franchise Agreement.  
  
 NEW WORLD COFFEE & BAGELS, INC.  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
 FRANCHISEE  
  
  
  
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
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