
Debtor-in-Possession Term Loan/ Lender Sponsored Transaction

Term Sheet

February 12, 2014

Debtor (Facility 1): Mi Pueblo San Jose, Inc. (a "**Debtor**") is the borrower of the amounts borrowed hereunder (the "**DIP Loan (Facility 1)**").

Guarantor (Facility 1): Cha Cha Enterprises, LLC is the guarantor of the amounts borrowed hereunder under DIP Loan (Facility 1)

Debtor (Facility 2): Cha Cha Enterprises, LLC (a "**Debtor**" and with Mi Pueblo San Jose, Inc., the "**Debtors**") is the borrower of the amounts borrowed hereunder under Facility 2 (the "**DIP Loan (Facility 2)**")

DIP Lenders: Victory Park Capital Advisors, LLC ("**Victory Park**"), on behalf of one or more entities for which it acts as investment manager (collectively, the "**DIP Lenders**").

DIP Agent: Victory Park Management, LLC shall act as administrative and collateral agent for the DIP Lenders (the "**DIP Agent**").

DIP LOAN

Type (for each Facility): Debtor-in-Possession Term Loan (including the guaranty, the "**DIP Loan**") and potential emergence transaction.

Commitment (for DIP Loan Facility 1): \$32,752,145.51 (the "**Commitment**" for DIP Loan (Facility 1)).

Commitment (for DIP Loan Facility 2): \$9,333,514.00 (the "**Commitment**" for DIP Loan (Facility 2)).

Initial Disbursement (for each Facility): Upon entry of an interim financing order in each of the Debtors' Chapter 11 cases (the "**Interim Order**") by the United States Bankruptcy Court for the Northern District of California (the "**Court**") presiding over the Chapter 11 case of the Debtor (the "**Bankruptcy Case**") under Bankruptcy Code § 364(c) and (d) (in form and substance reasonably acceptable to the DIP Agent, incorporating the terms and conditions set forth herein), up to \$28,752,145.51 of the Commitment for DIP Loan (Facility 1) and \$9,333,514.00 of the Commitment for DIP Loan (Facility 2) shall be made available by the DIP Lenders pursuant to the Budget (as defined below) (the "**Initial Disbursement**").

Final Disbursement (for each Facility): Upon entry of a final financing order (the "**Final Order**") by the Court under Bankruptcy Code § 364(c) and (d) (in form and substance reasonably acceptable to the DIP Agent, incorporating the terms and conditions set forth herein), the balance of the Commitment shall be made available by the DIP Lenders pursuant to the Budget (the "**Final Disbursement**").

Closing Date (for each Facility): Closing of the DIP Loan with respect to the Initial Disbursement shall occur as soon as practicable after the entry of the Interim Order, but no later than two (2) business days thereafter (the "**Initial Closing Date**").

Closing of the DIP Loan with respect to the Final Disbursement shall occur as soon as practicable after the entry of the Final Order, but no later than two (2) business days thereafter (the "**Final Closing Date**").

Use of Proceeds (for each Facility): Proceeds of the DIP Loan shall be utilized as follows: (i) general working capital and operational expenses; (ii) administration of the Bankruptcy Case (in each case of (i) and (ii), in accordance with a weekly cash flow budget prepared by the Debtor, in form and substance acceptable to the DIP Agent on a line-by-line basis the current version of which is attached hereto (the "**Budget**")); (iii) costs, expenses, closing payments, and all other payment amounts contemplated herein; and (iv) repayment of the Prepetition First Lien Debt (as defined below)

with the proceeds of DIP Loan (Facility 1) and repayment of the Cha Cha Debt (as defined below) with the proceeds of DIP Loan (Facility 2).

For the avoidance of doubt, neither the proceeds of any prepetition debt, neither the DIP Loans nor the Carve-Out (as defined below) shall be utilized (i) to attack the validity, priority or enforceability of any of the prepetition or post-petition liens or security interests of any lender or agent under the Prepetition First Lien Debt, the Cha Cha Debt, or the DIP Loan, (ii) to research, review, analyze or investigate with respect to or in connection with any litigation, claim, objection or cause of action of any kind or nature whatsoever against any lender or agent under the Prepetition First Lien Debt, the Cha Cha Debt, or the DIP Loan (whether or not arising from or related to prepetition or post-petition liens, security interests, acts, omissions or other conduct), or (iii) to file, prosecute or otherwise pursue any litigation, claim, objection or cause of action of any kind or nature whatsoever against any lender or agent under the Prepetition First Lien Debt, the Cha Cha Debt, or the DIP Loan (whether or not arising from or related to prepetition or post-petition liens, security interests, acts, omissions or other conduct).

**Interest
(for each Facility):**

Eight percent (8%) per annum (the "**Interest**"). The Interest shall be due and payable monthly in cash in arrears.

**Default Interest
(for each Facility):**

Upon the occurrence of an Event of Default (as defined below) and during the continuation thereof, interest shall accrue on any outstanding advances at a rate equal to ten percent (10%) per annum (the "**Default Interest**").

**Waivable Financing Fee
(for DIP Loan Facility 1):**

\$2,178,463.06, which amount shall be fully earned on the Initial Closing Date and payable in cash to the DIP Agent from the proceeds of the DIP Collateral on the Due Date; provided, however, that the DIP Agent and the DIP Lenders shall release and waive the Waivable Financing Fee (for DIP Loan Facility 1) if (a) the DIP Loan Facility 1 is repaid with the proceeds of financing from the DIP Lenders or their affiliates for Mi Pueblo to exit from bankruptcy, (b) the DIP Agent and the DIP Lenders determine not to provide Mi Pueblo with exit financing in the amount of \$52,000,000, or (c) the DIP Loan Facility 1 is credit bid in a consummated sale for a material portion of the DIP Collateral.

**Waivable Financing Fee
(for DIP Loan Facility 2):**

\$367,746.99, which amount shall be fully earned on the Initial Closing Date and payable in cash to the DIP Agent from the proceeds of the DIP Collateral on the Due Date; provided, however, that the DIP Agent and the DIP Lenders shall release and waive the Waivable Financing Fee (for DIP Loan Facility 2) if (a) the DIP Loan Facility 2 is repaid with the proceeds of financing from the DIP Lenders or their affiliates for Mi Pueblo to exit from bankruptcy, (b) the DIP Agent and the DIP Lenders determine not to provide Mi Pueblo with exit financing in the amount of \$52,000,000, or (c) the DIP Loan Facility 2 is credit bid in a consummated sale for a material portion of the DIP Collateral.

**DIP Fee
(for DIP Loan Facility 1):**

\$120,000, which amount shall be fully earned and payable in cash to the DIP Lenders on the Final Closing Date in the form of a closing payment payable from the proceeds of the DIP Loan.

**Maintenance Fee
(for DIP Loan Facility 1):**

\$5,000 per month, which amount shall be payable in cash to the DIP Agent on the Initial Closing Date and every thirty (30) days thereafter from the proceeds of the DIP Loan pursuant to the Budget.

**Costs/ Expenses
(for each Facility):**

The Debtor shall reimburse the DIP Agent and the DIP Lenders for all reasonable costs and expenses incurred in connection with the DIP Loan, the DIP Loan Obligations (as defined below) and/or the Lender Sponsored Transaction (as defined below), including, without limitation, legal fees, advisor fees, consultant fees, costs and expenses, collateral valuations, appraisals, surveys, field examinations, third party diligence, lien searches, filing fees, and all other out-of-pocket costs and expenses in any way related to the DIP Loan and/or the DIP Loan Obligations and the enforcement and collection thereof, and the Lender Sponsored Transaction (collectively, the "**Costs and Expenses**"). In the event that the DIP Loan is not consummated, the DIP Lenders and the DIP Agent shall have the right to seek reimbursement of all reasonable Costs and Expenses incurred with respect thereto as an administrative

expense of the Debtor's estate pursuant to Bankruptcy Code § 503(b), and the Debtor hereby acknowledges and agrees that such amount shall constitute an administrative expense of the Debtor's estate. DIP Agent and the DIP Lenders will send to Debtor and any official committee of unsecured creditors (the "**Committee**") a monthly invoice of fees and expenses. The parties will attempt to resolve any objections in good faith or submit to the Bankruptcy Court for resolution.

DIP Lenders Deposit: Debtor shall pay to the DIP Lenders a deposit in the amount of \$150,000 as soon as possible following execution of this Agreement, subject to approval of the United States Bankruptcy Court. The deposit is intended to defray actual out-of-pocket Costs and Expenses. This deposit shall be refundable to the extent not used for actual out-of-pocket Costs and Expenses incurred in connection with (i) the DIP Loan, including, without limitation, the due diligence, negotiation, documentation, bankruptcy court approval, administration, defense and enforcement of the DIP Loan or (ii) the Lender Sponsored Transaction. The deposit is not a cap on such Costs and Expenses, which may exceed the amount of the deposit.

Term (for each Facility): Any and all then current outstanding principal amount of the DIP Loan (the "**DIP Loan Principal**") plus any unpaid accrued Interest or Default Interest (as the case may be) plus any Costs and Expenses and any other amounts due under the DIP Loan, this Term Sheet, the Interim Order and the Final Order (each, a "**DIP Loan Obligation**" and collectively, the "**DIP Loan Obligations**") shall become due and payable in full in cash upon the earlier of the following (the "**Due Date**"): (i) one hundred eighty (180) days after the Initial Closing Date; (ii) the substantial consummation (as defined in Bankruptcy Code § 1101 and which for purposes hereof shall be no later than the effective date) of a confirmed plan of reorganization or liquidation; (iii) conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code; (iv) appointment of a trustee for the Debtor; (v) dismissal of the Bankruptcy Case; (vi) thirty (30) days after the entry of the Interim Order if the Final Order has not been entered prior to the expiration of such thirty (30) day period; (vii) the date on which the Court enters a final order approving a post-petition financing between the Debtor and another lender(s) or investor(s) (as the case may be) (other than the DIP Lenders); (viii) consummation of a sale of substantially all of the Debtor's assets under Bankruptcy Code § 363; and (ix) five (5) business days after the DIP Agent notifies the Debtor and its counsel in writing of an Event of Default which is not subsequently cured or waived by the end of such notice period. The DIP Agent may extend the Due Date in its sole discretion.

Collateral (for each Facility): The DIP Loan shall be secured by: (i) a perfected first priority lien on any and all current and future assets of the Debtor of any nature or type whatsoever, including, without limitation, cash, accounts, accounts receivable, goods, instruments, investment property (including, without limitation, ownership interests in corporations, partnerships and limited liability companies), inventory, vehicles, customer lists, trademarks, copyrights, brands, know-how and other intellectual property, plant and equipment, patents, trade secrets, tax assets, real property and/or leasehold rights, personal property, commercial tort claims, any causes of action under the Bankruptcy Code or applicable non-bankruptcy law, excluding causes of action and recoveries pursuant to Chapter 5 of the Bankruptcy Code, all other tangible and intangible assets, and any and all proceeds of the foregoing; (ii) a first priority pledge of the capital stock and/or equity interest held directly or indirectly by the Debtor; and (iii) constructive control over all of the Debtor's bank accounts, solely for the purposes of constituting perfection under applicable non-bankruptcy law (collectively the "**Collateral**"). Cha Cha Enterprises, LLC will grant security interests in its Collateral to the DIP Agent, on behalf of the DIP Lenders, to secure its guaranty under the DIP Loan (Facility 1). Notwithstanding the foregoing, the Initial Disbursement for DIP Loan (Facility 1) shall be secured by a perfected second priority lien on the collateral of secured equipment lenders set forth in Exhibit "A" hereto (second only to such equipment lenders). At the final hearing on the approval of the DIP Loan (Facility 1), the Debtor shall seek Bankruptcy Court approval to grant the DIP Lenders a lien priming the liens of such equipment lenders on their collateral on a final basis for DIP Loan (Facility 1). The DIP Agent, on behalf of the DIP Lenders, shall use its reasonable best efforts to realize upon the Mi Pueblo Collateral with respect to the DIP Loan (Facility 1) in order to satisfy the DIP Loan Obligations under the DIP Loan (Facility 1) prior to realizing upon the Cha Cha Collateral under the guaranty from Cha Cha.

Priority (for each Facility): The DIP Loan shall be authorized and approved by the Court pursuant to Bankruptcy Code § 364(c)(1) to be incurred as, and shall constitute, claims with a priority over all administrative expenses of the kind specified in Bankruptcy Code § 503(b) or 507(b). The security interests and liens in the Collateral securing the DIP Loan shall be authorized and approved by the Court pursuant to Bankruptcy Code § 361, 362, 364(c) (2), 364(c) (3), and 364(d) to constitute a lien on and in the Collateral ranking prior to all other claims and liens of the Debtor, except

for the Carve-Out (as defined below) (the "**Priming Lien**"). The Priming Lien will be senior in priority to security interests and liens securing the indebtedness and other obligations owing under any of the Debtor's prepetition loan and security agreements. The Priming Lien shall not be subject to challenge, but instead shall attach and become valid and perfected without the requirement of any further action by the DIP Agent or the DIP Lenders. The Collateral pledged by Cha Cha Enterprises, LLC on account of its guaranty under the DIP Loan (Facility 1) shall be Priming Liens subject only to the Priming Liens granted to the DIP Agent, on behalf of the DIP Lenders, under the DIP Loan (Facility 2).

Carve-Out (for each Facility): Upon the occurrence and during the continuance of an Event of Default, the administrative expense claims and the liens granted to the DIP Lenders and the DIP Agent hereunder shall be subject and subordinate only to the Carve-Out. "**Carve-Out**" means any (i) unpaid fees of the Clerk of the Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930; (ii) unpaid fees and expenses of the professionals of the Debtor and any official committee of unsecured creditors retained by an order of the Court pursuant to Section 327, 328, 363 or 1103(a) of the Bankruptcy Code (the "**Professionals**") incurred prior to the occurrence of such Event of Default, to the extent such fees and expenses are (a) within the amounts set forth in the Budget approved by the DIP Agent, (b) subsequently allowed by the Court under Sections 330, 331 or 363 of the Bankruptcy Code, and (c) not otherwise payable from retainers or any professional expense escrow account established by the Debtor; (iii) fees and expenses of the Professionals incurred after the occurrence of such Event of Default in an aggregate amount not to exceed \$200,000 in the aggregate, to the extent such fees and expenses are (a) subsequently allowed by the Court under Sections 330, 331 or 363 of the Bankruptcy Code, and (b) not otherwise payable from retainers or any professional expense escrow account established by the Debtor; and (iv) fees and expenses of any chapter 7 trustee and any chapter 7 professionals in an aggregate amount not to exceed \$25,000.

Chavez DIP: "**Chavez DIP**" shall mean any and all principal, accrued and unpaid interest, costs, expenses and any other amounts and obligations due under and evidenced by that certain debtor-in-possession term loan in the original principal amount of \$1,900,000 extended on or about November 2013 between the Debtor and Juvenal Chavez.

For the avoidance of doubt, the Chavez DIP shall rank junior in all respects to the DIP Loan and Prepetition First Lien Debt as long as such DIP Loan or Prepetition First Lien Debt remain outstanding. As long as the DIP Loan or Prepetition First Lien Debt remains outstanding, no payments shall be made on behalf of the Chavez DIP, and any such payments shall be held in trust for the benefit of the Agent and immediately paid over to the Agent for the benefit of the DIP Lenders and/or the Prepetition First Lien Lenders, as applicable.

Prepetition First Lien Debt: "**Prepetition First Lien Debt**" shall mean any and all principal, accrued and unpaid interest, costs, expenses and any other amounts and obligations due under and evidenced by the following first lien secured transactions between the Debtor and Wells Fargo Bank, N.A.: (i) that certain term loan in the original principal amount of \$12,500,000 extended on or about May 15, 2012; (ii) that certain revolving reducing line of credit loan in the original maximum principal amount of \$12,500,000 extended on or about May 15, 2012; (iii) the interest rate swap transaction with respect to a portion of the term loan; (iv) those certain letters of credit; and (v) all other agreements, instruments, certificates and documents evidencing and/or securing any debt, liability or obligation thereunder. The lenders under the Prepetition First Lien Debt shall be referred to herein as the "**Prepetition First Lien Lenders**", and the administrative and collateral agent under the Prepetition First Lien Debt shall be referred to as the "**Prepetition First Lien Agent**".

Cha Cha Debt: "**Cha Cha Debt**" shall mean any and all principal, accrued and unpaid interest, costs, expenses and any other amounts and obligations due under and evidenced by the following first lien secured transactions between the Debtor's affiliate, Cha Cha Enterprises, LLC, and Wells Fargo Bank, N.A.: (i) that certain term loan in the original principal amount of \$10,000,000 extended on or about May 15, 2006; (ii) that certain term loan in the original principal amount of \$3,255,000 extended on or about April 1, 2009; (iii) that certain term loan in the original principal amount of \$3,374,000 extended on or about January 22, 2010; (iv) that certain term loan in the original principal amount of \$1,064,000 extended on or about January 22, 2010; (v) the interest rate swap transaction with respect to a portion of the term loans; (vi) that certain continuing guaranty to pay and perform certain obligations of the Debtor; (vii) those certain deeds of trusts with respect to certain obligations of the Debtor; and (viii) all other agreements, instruments, certificates and documents evidencing and/or securing any debt, liability or obligation thereunder.

Release (for each Facility): The Debtor shall release and waive any and all claims, causes of action, counterclaims, set-offs and defenses of any kind or nature whatsoever against the DIP Agent and the DIP Lenders relating to the DIP Loan and/or the liens, security interests, acts, omissions or conduct of the DIP Agent or the DIP Lenders arising on or before the Final Closing Date. Upon the entry of the Final Order, the release set forth in the Interim Order shall become binding on all other creditors and parties in interest, subject to the terms of the Final Order, which shall be acceptable in form and substance to the DIP Agent.

**Representations
and Warranties
(for each Facility):**

The Debtor shall make usual and customary representations and warranties for transactions of this nature, including, without limitation, good standing of the Debtor; no consent or approval is required other than the Interim Order and the Final Order; due authorization, execution and delivery of loan documents; no violation of material agreements entered into after the commencement of the Bankruptcy Case; no violation of law as a result of the execution of the DIP Loan Documents; no liens on the assets of the Debtor except for valid, perfected and non-avoidable liens and security interests in existence as of the commencement of the Bankruptcy Case and certain other liens permitted by the DIP Agent; compliance with applicable laws and regulations; no material change in business; no unstayed litigation that is reasonably likely to have a material adverse effect on the operations of the Debtor taken as a whole; no information furnished by Debtor to the DIP Agent or the Court contains any material misstatement of fact or omitted to state a material fact necessary to make the statements therein not materially misleading; taxes paid to the extent required by law; and material returns filed.

**Covenants
(for each Facility):**

The Debtor shall comply with all of the following covenants:

1. The Debtor shall promptly provide the DIP Agent with updates of any material developments in connection with the Debtor's reorganization efforts under the Bankruptcy Case, whether in connection with an asset sale, plan of reorganization or otherwise;
2. The Debtor shall deliver the Budget as updated on a weekly basis to the DIP Agent (in form and substance reasonably acceptable to the DIP Agent), including, without limitation, forecasts, inventory reports, fixed asset listings, customer trend reports, cash flow and any other reporting as reasonably requested by DIP Agent with such other reporting not to be unreasonably withheld by Debtor;
3. The Debtor shall operate its business in accordance with the Budget (subject to a permitted variance of 10% per category (e.g. cash receipts, operating cash disbursements, and non-operating cash disbursements) and in the aggregate on a four-week rolling basis), and the requirements of the Bankruptcy Code and orders of the Court;
4. Without the prior written consent of the DIP Agent, the Debtor shall not seek or consent to occur any of the following:
 - a. Any order which authorizes the assumption or rejection of any leases or contracts of the Debtor without the DIP Agent's prior written consent (such consent not to be unreasonably withheld);
 - b. Any modification, stay, vacation or amendment to the Final Order to which the DIP Agent has not consented in writing;
 - c. Payment of a priority claim or administrative expense or unsecured claim against the Debtor (now existing or hereafter arising of any kind or nature whatsoever, including without limitation, any administrative expense of the kind specified in Bankruptcy Code § 105, 326, 328, 330, 331, 364(c) 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726 or 1114) equal or superior to the priority claim of the DIP Agent and the DIP Lenders in respect of the obligations hereunder, except with respect to the Carve-Out;
 - d. Any lien on any Collateral having a priority equal or superior to the lien securing the obligations hereunder, other than with respect to the Carve-Out;
 - e. Any order which authorizes the payment of any indebtedness incurred prior to the petition date, other than any 503(b)(9) payments under a trade credit program as included in the Budget;
 - f. Any order seeking authority to take any action that is prohibited by the terms of this Term Sheet, the Interim Order or the Final Order or refrain from taking any action that

is required to be taken by the terms of this Term Sheet, the Interim Order or the Final Order; or

- g. Any other action that would materially adversely affect the DIP Agent or the DIP Lenders in any way without the prior written consent of the DIP Agent.
6. The Debtor shall take, to the extent it is able, in consultation with the DIP Agent, all reasonable actions necessary to pursue and consummate the Lender Sponsored Transaction (as defined below).

**Event(s) of Default
(for each Facility):**

Each of the following shall constitute an "**Event of Default**", unless otherwise waived by the DIP Agent in its sole discretion:

1. Debtor shall fail to pay any DIP Loan obligation in cash after such payment has become due;
2. Any representation, warranty, report, certificate or other document made or delivered to the DIP Agent or the DIP Lenders pursuant to this Term Sheet, the Interim Order or the Final Order shall have been incorrect in any material respect when made or deemed made;
3. The failure of Debtor to comply in all material respects with any covenant, agreement, representation, warranty, term or condition of the Interim Order, the Final Order and this Term Sheet;
4. The Debtor is enjoined, restrained or in any way prevented by the order of any court or any governmental authority from conducting all or any material part of its business for more than three (3) consecutive days;
5. Any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty (whether or not insured) which causes, for more than three (3) consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of the Debtor, if any such event or circumstance could reasonably be expected to have a material adverse effect;
6. The entry of an order in the Bankruptcy Case which stays, modifies (in any manner adverse to the DIP Agent or the DIP Lenders), or reverses the Interim Order or Final Order;
7. The conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code;
8. The appointment of a trustee for the Debtor;
9. The dismissal of the Bankruptcy Case;
10. The entry of any order which provides relief from the automatic stay otherwise imposed pursuant to Bankruptcy Code § 362 that permits any creditor to (i) realize upon, or to exercise any right or remedy with respect to, any material portion of the Collateral, or (ii) to terminate any license, franchise or similar agreement, wherein either case the exercise of such right or remedy or such realization or termination would be reasonably likely to have a material adverse effect;
11. Subject to the allowance and payment of any amounts due under the Carve-Out, the filing of any application by Debtor without the express written consent of the DIP Agent for the approval of a super-priority claim in the Bankruptcy Case which is pari passu with or senior to the priority of the claims of the DIP Agent or the DIP Lenders, or there shall arise any such super-priority claim under the Bankruptcy Code;
12. The payment or other discharge by Debtor of any prepetition indebtedness without the written consent of the DIP Agent;
13. The filing of any motion by Debtor seeking, or the entry of any order in the Bankruptcy Case: (a) permitting working capital or other financing (other than ordinary course trade debt or unsecured debt) for the Debtor from any person other than the DIP Agent (unless the proceeds of such financing are to be used to pay in full in cash all obligations arising under this Term Sheet, the Interim Order and the Final Order); (b) granting a lien on, or security interest in, any of the Collateral, other than with respect to this Term Sheet (unless such liens are granted in connection with a financing, the proceeds of which are to

be applied to the payment in full in cash of all obligations arising under this Term Sheet, the Interim Order and the Final Order); (c) except as permitted by this Term Sheet, the Interim Order or the Final Order, permitting the use of any of the Collateral pursuant to Bankruptcy Code § 363(c) without the prior written consent of the DIP Agent, or permitting recovery from any portion of the Collateral any costs or expenses of preserving or disposing of such Collateral under Bankruptcy Code § 506(c); or (d) dismissing the Bankruptcy Case, unless the DIP Agent has sought or consented in writing to such relief by the Court;

14. The filing or confirmation of a plan of reorganization or liquidation containing terms to which the DIP Agent has not consented in writing; or
15. The filing of any pleading by the Debtor challenging the validity, priority, perfection or enforceability of this Term Sheet or the obligations hereunder, or any lien granted pursuant to this Term Sheet, the Interim Order or the Final Order is determined to be null and void, invalid or unenforceable by the Court or another court of competent jurisdiction in any action commenced or asserted by any other party in interest in the Bankruptcy Case.

**Default Remedies
(for each Facility):**

Upon five (5) business days' written notice to the Debtor and its counsel of an Event of Default which is not subsequently cured or waived during such notice period:

1. The DIP Loan shall mature and any and all DIP Loan obligations shall become due and payable in full in cash; and
2. The DIP Agent shall have the right to an emergency hearing upon three (3) business days' notice requesting relief from the automatic stay otherwise imposed pursuant to Bankruptcy Code § 362 that permits the DIP Agent to realize upon, or to exercise any right or remedy with respect to, any portion of the Collateral; provided that in any hearing following such notice, the only issue that may be raised by any party in opposition to the actions proposed or available to be taken by the DIP Agent shall be whether, in fact, an Event of Default has occurred and is continuing.

**Prepayment(s)
(for each Facility):**

The Debtor shall have the right (but not the obligation) to prepay the DIP Loan Obligations (in cash) in whole or in part. There shall be no prepayment penalty or premium.

**Waiver of Bankruptcy Code
§ 506(c) (for each Facility):**

Subject to the Carve-Out, no administrative costs or expenses shall be charged against or recovered from the Collateral pursuant to Bankruptcy Code § 506(c).

**Reservation of Rights
(for each Facility):**

Nothing in this Term Sheet is intended or shall be construed to waive any of the DIP Agent's or the DIP Lenders' rights to object to or otherwise contest the reasonableness of the fees and expenses of the Professionals. Such rights are hereby reserved in their entirety.

The DIP Agent, on behalf of the DIP Lenders, shall have the right under Bankruptcy Code § 363(k) to credit bid up to the full amount of the DIP Loan Obligations in connection with any sale of the Debtor's assets whether or not under a plan of reorganization or otherwise (the "**Credit Bid Right**"). The Credit Bid Right shall be approved by the Court pursuant to the Interim Order and the Final Order, and shall be a condition to consummating the DIP Loan.

**Consent to Use of Cash
Collateral
(for each Facility):**

DIP Agent and the DIP Lenders consent to Debtor's use of cash collateral pursuant to the Budget and agree that the lien priorities hereinabove constitute adequate protection.

LENDER SPONSORED TRANSACTION

**Lender Sponsored
Transaction:**

The Debtor and the DIP Lenders will cooperate in good faith to develop and implement a restructuring (the "**Lender Sponsored Transaction**") through a plan of reorganization implemented by an exit facility provided by the DIP Lenders or the sale of substantially all of the Debtor's assets free and clear of all liens, claims, encumbrances and interests pursuant to Bankruptcy Code § 363. The agreements, instruments and other documents necessary to

implement and consummate the Lender Sponsored Transaction shall be on terms and conditions acceptable to the DIP Lenders.

**Closing Conditions
(for each Facility):**

This Term Sheet is subject to, amongst other items, the following:

1. Execution of definitive legal documentation with respect to each of the DIP Loans acceptable to the DIP Agent in its sole discretion (if any such further documentation outside of the Interim Orders and the Final Orders is required by the DIP Agent);
 2. Completion of business and legal due diligence satisfactory to DIP Agent in its sole discretion; and
 3. Entry of each of the Interim Orders and Final Orders by the Court, authorizing borrowing pursuant to this Term Sheet.
-

This Term Sheet is not, and shall not be deemed to be, a binding agreement by the DIP Agent or the DIP Lenders to provide the DIP Loans described herein. Such agreement will arise only upon the fulfillment, to the satisfaction of the DIP Agent, of the conditions precedent as set forth herein.

This Term Sheet and the terms set forth herein are confidential, and the Debtors shall not disclose the terms of this Term Sheet, or the fact that negotiations between the DIP Agent, the DIP Lenders and the Debtors are ongoing, to any third party, including, without limitation, any other source of potential financing for the Debtors; provided that the Debtors may disclose the terms of this Term Sheet for purposes of seeking approval of the DIP Loan by the Court.

* * * * *

Acknowledged, Accepted, and Agreed to:

DEBTOR:

MI PUEBLO SAN JOSE, INC.

By:
Its:

DEBTOR:

CHA CHA ENTERPRISES, LLC
(as Borrower and Guarantor)

By:
Its:

DIP LENDERS:

VICTORY PARK CAPITAL ADVISORS, LLC, on behalf of the
DIP Lenders

By: Scott R. Zemnick
Its: General Counsel

DIP AGENT:

VICTORY PARK MANAGEMENT, LLC

By: Scott R. Zemnick
Its: Authorized Signatory