

Fees ⁽¹⁾	Amount	Due Date	Remarks
Renewal (Franchise Agreement)	50% of our then-current initial franchise fee	90 days before expiration of the Franchise Agreement	See Item 17. Your Franchise Agreement will renew automatically and we will bill you for the renewal fee, unless you provide us with written notice that you do not wish to renew your agreement
Inspection and Testing	Reimbursement of our costs, but not more than \$500	With request for approval	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use in your Restaurant. Also payable if we remove items from your Restaurant for testing and the items do not meet our specifications (see Item 8)
Liquidated Damages	See footnote 5		
Software Fee	\$1,000 to \$4,000	Annually	Payable to the approved supplier for POS system maintenance and support
Management Fee	5% of Gross Sales, plus expenses	If incurred	We may step in and manage your Restaurant in certain circumstances. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Restaurant or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner

Fees ⁽¹⁾	Amount	Due Date	Remarks
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances We anticipate that any remodeling or redecorating required every fifth year will not cost more than \$50,000	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Restaurant and its equipment. We may require you to remodel or redecorate your Restaurant to meet our then-current image for all Bareburger Restaurants. We will not require you to remodel or redecorate your Restaurant more frequently than every five years
Insurance	Reimbursement of our costs + 10% administration fee	If incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf
ServSafe Certification	\$250 per person or then-current fee	As needed	Each of your managers and other employees we designate must be ServSafe certified. This fee is payable to us or to the approved supplier.
Gift Cards	Will vary under the circumstances	Annually	See note 7.
Relocation Fee	\$12,500	Upon demand	If you request our permission to relocate your Restaurant within your territory. This will compensate us for our expenses related to your relocation, including on-site evaluations

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross Sales

expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us. The royalty fee and Brand Development Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") weekly on Tuesday based on Gross Sales for the preceding week ending Sunday. If you do not report the Restaurant's Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, once we have been able to determine the Restaurant's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated \$1,000 in Gross Sales, of which \$200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is \$50 ($5\% \times \$1,000$). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct \$200 from the Gross Sales and raise your royalty percentage to 6.25% so that we may collect the same \$50 Royalty Fee ($\$1,000 - \$200 = \$800 \times 6.25\% = \50).

3. We will establish and administer a national Brand Development Fund on behalf of the System (see Item 11) to provide national or regional creative materials for the benefit of the System. We will provide you with 30 days' advance written notice that the Brand Development Fund has been established and that you must begin contributing to it.

4. Cooperatives will include all Restaurants located in a specific geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Restaurants owned. No Cooperatives have been established as of the date of this Disclosure Document.

5. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

6. We may use an independent service to conduct a "mystery customer" quality control and evaluation program. You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/bareburger>