

### ITEM 6 OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE
Royalty Fee	5% of Gross Revenue (2)(3)	Every 4 weeks
Marketing Fund Fee (4)	Up to 3% of Gross Revenue (Currently 1 1/2%) (2)(3)	Every 4 weeks
Local Marketing Spending (5)	Up to 2% of Gross Revenue (2)	Every 4 weeks
Additional Services Fees (6)	Our reasonable costs (including travel costs) as specified in the Manual	Applicable only if the site is more than 200 miles from Our principal office or after You have submitted two prior sites for approval
Supplier Approval Fee (7)	\$1,000	When applied for
Additional Training	Reasonable Fee (currently \$500 per day)	Upon Invoice
Management Fee	Reasonable Fee (currently \$1000 per day)	Upon Invoice
Construction Management Services (8)	\$20,000	Upon invoice
Late Charge and Interest	\$250 plus interest on late amounts at 18% or highest legal rate Interest begins from the date of non-payment or underpayment	With late payment
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding
Transfer Fee	25% of then current Initial Fee	Before actual transfer
Renewal Fee	Currently 25% of then current initial fee	Prior to Renewal
Audit (9)	Cost of Audit plus interest on unpaid fees	Upon invoice
Indemnification (10)	Our cost or assessment	Upon Demand
Reimbursement of Insurance Costs (11)	Insurance that You have failed to procure or maintain	Immediately upon Invoice
Liquidated Damages (12)	Royalty Fees for two years or the remainder of term, whichever is less	Upon Demand

## FOOTNOTES

- (1) All of these fees are payable to Us and are nonrefundable. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes)
- (2) "**Gross Revenue**" includes Your total receipts from the sale of all goods and services sold at or delivered from Your Restaurant or using Our Marks, but does not include sales tax, coupons, refunds, *bona fide* employee discounts, or *bona fide* discounts given to select, specially qualified customers which must be pre-approved by Us
- (3) You must pay Royalties and Marketing Fund Fees following each designated four-week period as designated in the Manual or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds ("EFT") or other method of payment designated by Us. You will be required to sign an ACH Authorization Form (set forth in the Manual) permitting Us to electronically debit Your designated bank account for payment of all fees payable to Us. You must ensure that there are sufficient funds available in Your account for withdrawal before each due date. Payment currently must be made on the first Thursday thereafter or, if Thursday is a holiday, on the next business day. Late payments may require You to pay Us weekly. We may charge You for Our added expenses and change to weekly withdrawals.
- (4) The current amount of these fees is 1 1/2% of Gross Revenues. We will deposit the Marketing Fund Fees into a segregated account to be used for System marketing purposes. See ITEM 11. Restaurants operated by Us or Our Affiliates will also contribute to this Fund.
- (5) You must spend this amount monthly to conduct local advertising and sales programs for Your Restaurant. If an advertising cooperative is established in Your area, You must join it and contributions to it will be applied toward this obligation. The current level of required monthly spending is 1% of Gross Revenues.
- (6) If You fail to comply with the requirements of this Agreement, Our Manual or request additional services from Us, We will invoice You for Our reasonable costs or our estimate of those costs as stated in the Manual. Examples are additional training at Your Restaurant either required by Us or requested by You, which would include travel and living costs, and use of one outside Manager provided by Us to assist You at Your Restaurant. We may add a 5% service fee if there are repeated needs or requests.
- (7) You must pay Us this amount if You request Us to approve another supplier or food product.

## FOOTNOTES

(8) We may offer to supervise the construction of Your Restaurant in return for payment of this fee, which is optional to You. The Project Manager would oversee the construction of Your Restaurant from design to completion. We may also recommend a project management company that you may contract with.

(9) In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our audit cost if You have understated Gross Sales by more than 2% of the actual Gross Sales found by the audit. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between \$1,000 and \$5,000.

(10) You must indemnify Us for claims relating to Your operation of the Restaurant.

(11) If You fail to procure or maintain the required insurance, You must reimburse Us for having to pay Your obligation.

(12) If the Franchise Agreement is terminated due to Your action or failure to act, You agree to pay Us liquidated damages equal to the average monthly Royalty Fees owed or paid during the twelve months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is less.

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