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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(v) If You (or any Principal) are convicted of any felony or other criminal conduct which is relevant to operation of Your Restaurant or if You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the SHARKY'S WOODFIRED MEXICAN GRILL business or System

(vi) If You abandon Your Restaurant by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Restaurant (except as a result of fire, flood, earthquake or similar causes beyond Your control),

(vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice, or

(viii) If We make a reasonable determination that continued operation of Your Restaurant by You will result in an imminent danger to public health or safety

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only ten (10) days written notice is required) If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure A default in any other SHARKY'S WOODFIRED MEXICAN GRILL franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period

(d) The provisions of this Section 15 1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default

15 2 <u>Termination by You, Liquidated Damages</u>

(a)You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period

(b) Upon termination of this Agreement due to Your action or failure to act according to its terms and conditions, You agree to pay Us within fifteen (15) days after termination, in addition to any amounts owed Us or Our Affiliates, liquidated damages equal to the average monthly Royalty Fees owed or paid during the twelve (12) 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

(c) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages

15 3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must

(a) immediately discontinue the use of the Marks and the System, including all SHARKY S WOODFIRED MEXICAN GRILL recipes and proprietary procedures,

(b) unless We consent to the contrary, remove the Marks from Your Restaurant building and its signs, fixtures and furnishings, eliminate entirely SHARKY'S WOODFIRED MEXICAN GRILL trade dress and alter and paint Your Restaurant building and other improvements a design and color which is basically different from the SHARKY'S WOODFIRED MEXICAN GRILL image and design so that there will no longer be any indication to the public that Your Restaurant was a SHARKY'S WOODFIRED MEXICAN GRILL Restaurant If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Restaurant premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand,

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us,

(d) immediately deliver to Us all copies of all recipe books, training materials, menu cards, restaurant systems materials, back office computer files and any printed copies of information from the Manual and any items bearing the Marks or which are confidential, and

(e) pay all sums due Us or to become due to Us pursuant to this Agreement