

FRANCHISE DISCLOSURE DOCUMENT

Sizzling Black Rock Steak House Franchising, Inc.
a Michigan corporation
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Wixom, Michigan 48393
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The franchise offered is for a full-service restaurant operating under the name “Black Rock Bar & Grill”. A “Black Rock Bar & Grill” restaurant offers Australia-style rock cooking where certain menu items are cooked on a hot volcanic rock at the customer’s table, as well as a diverse menu offering steaks, seafood, pasta, burgers, soup, salads and beverages (including alcoholic beverages). A Black Rock Bar & Grill restaurant offers lunch and dinner menus for dine-in and take-out and operates using the franchisor’s proprietary recipes, formula, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a “Black Rock Bar & Grill” franchised business is \$1,519,940 to \$4,998,625. This includes between \$50,000 and \$66,500 that must be paid to the franchisor and/or its affiliates.

The total investment necessary to begin operation of a “Black Rock Bar & Grill” multi-unit operator agreement business ranges from \$1,571,940 to \$5,051,125 for a required minimum of two Black Rock Bar & Grill restaurants to be developed. When you sign the Multi-Unit Operator Agreement you will pay a reservation fee equal to \$25,000 for each Restaurant to be developed under the Multi-Unit Operator Agreement. The total investment under a Multi-Unit Operator Agreement will vary depending on the number of Restaurants to be developed.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or its affiliates in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Branden Morganroth at 30553 S Wixom Rd. Suite 300, Wixom, Michigan 48393 and (844) 755-ROCK.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 30, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Black Rock Bar & Grill franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement requires you to resolve disputes with us by mediation and litigation only in Michigan. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Michigan than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Minimum Advertising Payments.** You must make minimum advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Franchisor's Right to Buy Back Franchise for Any Reason.** The franchise agreement gives the franchisor a unilateral right to buy your business for any reason or no reason before the franchise expires or is terminated. As a result, you may be required to sell your business for a price that might be below the value of the business if you sold to a third party instead.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise agreement or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise agreement.
- (e) A provision that permits the franchisor to refuse to renew a franchise agreement on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subsection does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then- current, reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subsection does not prohibit a provision that grants, to a franchisor, a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subsection prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subsection (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If you have any questions regarding the foregoing provisions, contact the Michigan Department of Attorney General, Consumer Protection Division, Franchise, P.O. Box 30213, Lansing, Michigan 48909, (517) 335-7561.

The Michigan Notice applies only to Franchisees who are residents of Michigan or locate their franchises in Michigan.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Sizzling Black Rock Steak House Franchising, Inc. (referred to in this Disclosure Document as “Black Rock Bar & Grill”, “we”, “us”, or “our” and where the context requires also includes our affiliate) was formed as a Michigan corporation on April 17, 2014. Our principal place of business is 30553 S Wixom Rd. Suite 300, Wixom, Michigan 48393 and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you”, “your”, or “franchisee”, which includes all franchise owners and partners, if you are a corporation, partnership or other entity. We refer to the person signing the Multi-Unit Operator Agreement as “you”, “your”, or “multi-unit operator”, which will include one or more individuals.

We do not own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business and we do not engage in any other business activity. We began offering franchises in July 2014.

Our agents for service of process are listed in Exhibit G.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor, but we have three affiliates.

Our affiliate Fountain Square Restaurant Holdings, Inc., a Michigan corporation is headquartered at our address (“Fountain Square”). Fountain Square owns and operates one restaurant of the type being franchised located at 10100 Highland Road, Hartland, Michigan 48353 since October 2010. Fountain Square is not an approved supplier for any product or service that you must purchase or lease and has never offered franchises in this or any other lines of business.

Our affiliate SBR Gift Cards, Inc., a Michigan corporation is headquartered at our address formed on May 13, 2015 (“SBR Gift Cards”). SBR Gift Cards does not own or operate restaurant of the type being franchised. SBR Gift Cards is not an approved supplier for any product or service that you must purchase or lease and has never offered franchises in this or any other lines of business.

Our affiliate Black Rock Bar & Grill Distribution Co., a Michigan corporation is headquartered at 30553 South Wixom Road, Suite 300, Wixom, Michigan, 48393, was formed on November 9, 2016. Black Rock Bar & Grill Distribution Co. does not own or operate any Black Rock Bar & Grill Restaurant. Black Rock Bar & Grill Distribution Co. is an approved supplier of equipment or products such as our cooking rocks, ovens, oven parts, various plates, cooking tools, utensils and small wares that you must purchase or lease. Black Rock Bar & Grill Distribution Co. has never offered franchises in this or any other lines of business.

Description of Franchise

We offer franchises for the right to establish and operate a full service restaurant under the name “Black Rock Bar & Grill” that offers Australia-style rock cooking where certain menu items are cooked on a hot volcanic rock at the customer’s table, as well as a diverse menu offering steaks, seafood, pasta, burgers, soup, salads and beverages (including alcoholic beverages) on a dine-in and take-out basis

("Restaurant" or "Franchised Business"). The Restaurants operate under the trade name and mark "Black Rock Bar & Grill" and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks" or "Proprietary Marks".

Black Rock Bar & Grill Restaurants are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. Black Rock Bar & Grill Restaurants are typically free-standing units or end units in shopping centers, are approximately 6,000 to 7,500 square feet in size and may include an outdoor seating area.

The Restaurants are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Confidential Operations Manual (the "Manual"), which you should expect to evolve over time, that are provided to you as a franchisee.

We also offer qualified individuals the right to open a minimum of two Black Rock Bar & Grill outlets in a designated area under the terms of a multi-unit operator agreement. You must sign the then-current form of franchise agreement for each Franchised Business to be developed under the multi-unit operator agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement within a specific Designated Territory (the "Franchise Agreement"). Our current form of Franchise Agreement is B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee's Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. We will designate your principal equity owners, executive officers, and certain affiliated entities as Principals. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must designate a General Manager who will be the main individual responsible for your business. We recommend, but do not require, that you be the General Manager. Your General Manager does not have to own an equity interest in you or the franchise. The General Manager must sign covenants to maintain the confidentiality of information he/she learns while employed as your General Manager, and your General Manager must sign non-competition covenants.

Multi-Unit Operator Agreement

In certain circumstances, we will offer the right to enter into a Multi-Unit Operator Agreement in the form attached as Exhibit C to this Disclosure Document (the “Multi-Unit Operator Agreement”) to develop multiple franchised Restaurants to be located within a specifically described geographic territory (the “Exclusive Area”). We will determine the Exclusive Area before you sign the Multi-Unit Operator Agreement and it will be included in the Multi-Unit Operator Agreement. You must establish a minimum of two Restaurants within the Exclusive Area according to a minimum performance schedule, and you must sign a separate Franchise Agreement for each Restaurant established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Restaurant developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document, and you must sign the first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. For each additional Restaurant developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, but the royalty, brand development and other continuing fees payable to us will be the same as for your first Restaurant. The size of the Exclusive Area will vary depending upon local market conditions and the number of Restaurants to be developed.

Market and Competition

The market for restaurants in general is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. We may establish other Restaurants in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

Industry Regulations

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant’s premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. In addition, the Fair Labor Standards Act (“FLSA”), maintains requirements for restaurants that must be complied with regarding the tipping of employees. That is found in Section 3 (m) of the FLSA. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and

service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

You also must offer alcoholic beverages for sale at your Restaurant, unless we permit you to operate a Restaurant that does not offer alcoholic beverages. You must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol that may apply to your Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Restaurant. You must obtain any applicable real estate permits (such as zoning), real estate licenses, liquor licenses and operational licenses.

You must have your license to offer alcoholic beverages before you open the Restaurant. The difficulty and cost of obtaining a liquor license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate (including cashiers) must also complete alcohol awareness or TIPS training.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer – Lonny Morganroth

Mr. Morganroth has been our Chief Executive Officer since our inception in April 2014, and he has owned and operated two Black Rock Bar & Grill Restaurants since October 2010 and April 2013, respectively.

Chief Financial Officer – Branden Morganroth

Mr. Morganroth is our Chief Financial Officer from January 2020 to present. He was our Co-COO from January 2017 to January 2020. Between April 2013 and November 2016, he was General Manager of our then-affiliate Restaurant in Novi, Michigan.

Vice President of Franchise Operations – Bradley Gasser

Mr. Gasser has been our Vice President from September 2016 to present. Since October 2022, Mr. Gasser has been the principal owner of the Sizzling Black Rock Steakhouse franchisee in Fort Lauderdale, Florida.

Director of Operations – Jeff Cox

Mr. Cox has been our Director of Operations and training facilitator since September 27, 2020, to present. He served on the franchisee side as director of operations for Utica, MI, Brandon, FL and Carrollwood, FL franchises from October 1, 2018, to September 27, 2020.

Director of Marketing – Madelyn Coponen

Ms. Coponen has been our Director of Marketing from January 2022 to present. Between June 2021 and January 2022, she was an administrative assistant for us handling internal franchisee communications. Between February 2020 and May 2021, she was our assistant marketing director. Between November 2018 and January 2020, she managed our social media.

Training Facilitator – Jerry Bradley

Mr. Bradley has been our Training Facilitator from January 2024 to present. Between April 2023 and January 2024, he was the General Manager of the Black Rock restaurants in Hartland and Novi, Michigan. Between December 2022 and April 2023, he was the General Manager of Bar Louie in Livonia, Michigan. Between January 2007 and June 2022, he was the proprietor of the Bloomin Brands Outback Steakhouse in Clarkston, Michigan.

If we have an Area Representative in your area, its information relating to Item 2 is disclosed in the appropriate State Addendum in Exhibit F.

ITEM 3

LITIGATION

On February 15, 2024, we filed suit against a franchisee and its guarantors in Sizzling Black Rock Steak House Franchising, Inc. v. Black Rock Coral Springs, LLC, 7th Bite of the Apple, LLC, Paul Samson, Franchise Holdings, LLC, and Scott Strems, Case No. 2:24-cv-10380 in the United States District Court for the Eastern District of Michigan. We allege that the franchises and guarantors have engaged in trademark infringement and conduct that has breached the franchise agreement, and applicable personal guarantees. We have obtained a judgment against the franchisee Black Rock Coral Springs, LLC. In a related case, on May 13, 2024, one of the guarantors, Franchise Holdings, LLC filed suit against us in Florida state court in Franchise Holdings, LLC v. Paul Samson, 7th Bite of the Apple, LLC, Sizzling Black Rock Steak House Franchising, Inc., and Lonny Morganroth, Case No. CACE-23-022807 in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida. Franchise Holdings alleges tortious interference against us which we deny and are vigorously defending.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement: You must pay us an initial franchise fee of \$50,000 for the right to establish a single Black Rock Bar & Grill Restaurant under a Franchise Agreement. You must pay the initial franchise fee in a lump sum when you sign the Franchise Agreement. This fee is used in part for working capital and in part for profit. The initial franchise fee is imposed uniformly on all franchisees. If you are unable to find a suitable location for your Restaurant within 60 days after you sign the Franchise Agreement, or if you and/or your General Manager have been unable to complete our initial training program to our satisfaction (after giving you and/or the General Manager the opportunity to re-take our training program), we have the right to terminate the Franchise Agreement and refund \$5,000 of the initial franchise fee to you. You must sign any documents we require, including a confidentiality agreement and general release, before any money will be refunded to you. The initial franchise fee is not refundable under any other circumstances.

Location Assistance Fee: We will conduct one on-site evaluation of your proposed Restaurant location at no additional charge. If you request that we conduct any additional on-site evaluations of proposed sites, you must pay us a location assistance fee of \$500 and you must reimburse our expenses related to this assistance, such as travel, lodging and meals. This fee is not refundable.

Delayed Opening Fee: Your Restaurant must be opened and operating within 12 months after you sign the Franchise Agreement. If your Restaurant is not opened within this 12 month period, except for circumstances beyond your control, such as delays in obtaining permits, weather delays and delays in delivery and/or installation of equipment and furnishings, you must pay us a delayed opening fee equal to \$1,000 per month for each month the Restaurant's opening is delayed, up to a maximum of 6 additional months. If your Restaurant is not open and operating within this additional 6 month period, we have the right to terminate your Franchise Agreement without providing you a refund or continue to collect the delayed opening fee, to be determined in our discretion. This fee is not refundable.

Multi-Unit Operator Agreement: If you qualify to develop and operate multiple Black Rock Bar & Grill Restaurants, then you will pay to us a reservation fee equal to \$25,000 for each unit with a required minimum of two Black Rock Bar & Grill restaurants to be developed. For example, if you commit to develop five Restaurants, you must pay to us \$125,000 when you sign the Multi-Unit Operator Agreement. The reservation fee is fully earned by us when received and is not refundable or credited against any other fees you must pay to us.

Each time you sign the Franchise Agreement for a Restaurant to be developed under the Multi-Unit Operator Agreement, you must pay a reduced initial franchise fee of \$25,000 in a lump sum when you sign each Franchise Agreement. We expect that you will sign the Franchise Agreement for your first Black Rock Bar & Grill Restaurant at the same time you sign the Multi-Unit Operator Agreement.

The reservation fee is imposed uniformly on all multi-unit operators and is not refundable under any circumstances. Only multi-unit operators who have signed a Multi-Unit Operator Agreement with us are eligible for the reduced initial franchise fee. The reduced initial franchise fee is not refundable.

There are no other initial fees payable to us or an affiliate before your Restaurant opens.

ITEM 6
OTHER FEES

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Royalty Fee ⁽²⁾	4% of Gross Sales	Payable weekly on Wednesday (unless Wednesday is not a business day, then it is due on the next business day)	Royalty Fees are calculated based on Gross Sales for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account
Brand Development Fee ⁽³⁾	Up to 2% of Gross Sales (currently 1%)	Payable together with the Royalty Fee	
Local Advertising ⁽³⁾	2% of Gross Sales or \$6,000, whichever is higher, plus 1% of retail costs for food promotions	2% of Gross Sales	Payable to your local advertising suppliers. Any advertising you wish to use must first be approved by us
Cooperative Advertising ^{(3) (4)}	As determined by the members, but not more than 2% of Gross Sales	As determined by the members	If an advertising cooperative is formed for your area, you must join the cooperative. Any money you contribute to a cooperative will count toward your local advertising requirement
Initial Training (For New or Replacement Employees)	Our then-current per person training fee, plus expenses Current per person training fee = \$1,500, but may be increased in the future as our costs increase.	Before Training	We will train up to three people for our training fee. If you request that we provide our initial training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses Current per diem rate = \$450, but may be increased in the future as our costs increase.	When billed	If you request that we provide additional training at your Restaurant, you must pay our daily fee for each trainer we send to your Restaurant, and you must reimburse each trainer's expenses, including travel, lodging and meals

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Interest	18% per annum or the highest interest rate allowed by applicable law, whichever is greater	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full
Audit Fee	Cost of audit (estimated to be between \$1,000 and \$5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Transfer Fee (Franchise Agreement)	50% of our then-current initial franchise fee for a single unit franchise	Upon completion of the transfer	No fee charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee (Franchise Agreement)	50% of our then-current initial franchise fee for a single unit franchise	Upon renewal of the Franchise Agreement	Renewals are automatic
Transfer Fee (Multi-Unit Operator Agreement)	50% of our then-current initial franchise fee for a single unit franchise	Upon completion of the transfer	
Product or Supplier Evaluation Fee	\$250	With submission to us	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Restaurant

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Liquidated Damages	The lesser of (a) the average monthly Royalty Fees and Brand Development Fund Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by 36 (being the number of months in 3 full years), or the number of months remaining in the Agreement had it not been terminated, whichever is less; or (b) \$360,000.	15 days after the effective date of termination	If we terminate your Franchise Agreement for cause, you must pay us liquidated damages.
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 the 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 Business or for costs associated with defending claims that you used the trademarks in an unauthorized manner

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances	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 Black Rock Bar & Grill Restaurants. We will not require you to remodel or redecorate your Restaurant more frequently than every five years
Charges for “mystery shopper” quality control evaluation	Approximately \$800 per year, but may be increased in the future as our costs increase.	As incurred	See Note 5. The mystery shopper program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items)
Gift Cards	\$50 per month	To be paid monthly	We have developed a gift card program for Black Rock Restaurants. and you must participate in it.
ServSafe / TIPS (or similar) certifications	\$150 per person or the then-current market rate, but may be increased in the future as our costs increase.	As needed	Each of your managers and other employees we designate must be ServSafe / TIPS or similarly certified. Payable to an approved supplier
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Management Fee	5% of Gross Sales, plus expenses	If incurred	We may step in and manage your Restaurant in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses
Point of Sale System Support	\$1,000	Yearly	Payable to approved supplier. Your Point of Sale System must be kept up to date
Aloha Pulse	\$125	Monthly	Payable to the third party supplier (NCR.) It is a real time sales and labor reporting app.

Notes:

1. Except as otherwise provided, all fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. 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 royalties 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.

The Royalty Fee and Brand Development Fee will be withdrawn from your designated bank account by electronic funds transfer (“EFT”) weekly on Wednesday based on the Restaurant’s 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 fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees 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 \$40 (4% x \$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 5% so that we may collect the same \$40 Royalty Fee (\$1,000 - \$200 = \$800 x 5% = \$40).

3. We administer a Brand Development Fund on behalf of the System to provide national or regional creative materials for the benefit of the System. Some franchisees may pay different amounts due to the date of their franchise agreement, or otherwise.

4. Cooperatives will include all Restaurants in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative. No Cooperatives have been established as of the date of this Disclosure Document.

5. We may use an independent service to conduct a “mystery shopper” 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).

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Initial Franchise Fee ⁽¹⁾	\$50,000	Lump Sum	On signing Franchise Agreement	Us
Location Assistance Fee ⁽¹⁾	\$0 to \$500	Lump Sum	If incurred	Us
Delayed Opening Fee ⁽¹⁾	\$0 to \$6,000	As Arranged	Monthly	Us
Leasehold Improvements ⁽²⁾	\$650,000 to \$3,500,000	As Arranged	As Arranged	Independent Contractors
Lease Payments – 3 Months ⁽³⁾	\$55,640 to \$100,250	As Arranged	As Arranged	Landlord

YOUR ESTIMATED INITIAL INVESTMENT				
(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Security Deposits (4)	\$22,000 to \$35,625	As Arranged	As Arranged	Landlord, Utility Companies
Furniture, Fixtures and Equipment (5)	\$352,000 to \$644,000	As Arranged	As Arranged	Approved Suppliers
Signage (Interior and Exterior) (6)	\$12,500 to \$32,000	As Arranged	As Arranged	Approved Suppliers
Initial Inventory (7)	\$80,000 to \$100,000	As Arranged	As Incurred	Approved Suppliers
Blueprints and Plans (8)	\$22,000 to \$50,000	As Arranged	As Arranged	Architect or Engineer
Point of Sale System (9)	\$27,000 to \$50,000	As Arranged	As Arranged	Approved Suppliers
Travel, lodging and meals for initial training (10)	\$0 to \$35,000	As Arranged	As Incurred	Airlines, Hotels and Restaurants
Insurance – 3 Months (11)	\$5,500 to \$26,000	As Arranged	As Arranged	Insurance Companies
Grand Opening Advertising (12)	\$10,000	As Arranged	As Arranged	Suppliers
Licenses and Permits (Not Including Liquor License) (13)	\$2,800 to \$10,000	As Arranged	As Arranged	Government Agencies
Professional Fees (14)	\$2,000 to \$4,000	As Arranged	As Arranged	Accountant; Attorney
Additional Funds – 3 Months (15)	\$228,500 to \$345,250	As Incurred	As Incurred	Third Parties
TOTAL	\$1,519,940 to \$4,998,625*			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable as described in Item 5. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Notes:

1. ***Initial Franchise Fee; Location Assistance Fee; Delayed Opening Fee.*** These fees are discussed in Item 5.

2. ***Leasehold Improvements.*** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Restaurant. These figures are our principals' best estimate based on remodeling/finish-out rates in the greater Detroit, Michigan area. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. Our estimate does not include any tenant improvement allowance that you may negotiate.

3. ***Lease Payments.*** The figures are for the initial phase of the business for rent, and our estimates assume that you will lease space for your Restaurant. Your Restaurant will generally occupy between 6,000 and 7,500 square feet. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, your lease may require you to pay common area maintenance charges ("CAM Charges") for your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Restaurant, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

4. ***Security Deposits.*** You will probably need to provide security deposits to your landlord and your local utilities, such as gas, electricity and water.

5. ***Furniture, Fixtures and Equipment.*** The equipment you will need includes reach-in refrigerators and freezer, walk-in cooler, rock ovens, prep tables, range, beer tap system, ice maker, microwave, small wares, audio/visual equipment and other typical items necessary to outfit and operate a restaurant. The furniture and fixtures you will need for your Restaurant include: bar stools, booths, tables, chairs, artwork, and décor items. If your Restaurant will have an outdoor seating area, you will need additional chairs, tables and umbrellas.

6. ***Signage.*** These amounts represent your cost for interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

7. ***Initial Inventory.*** These amounts represent your initial inventory of food and beverage supplies, paper products, cleaning materials and supplies for the initial phase of operating the Restaurant.

8. ***Blueprints and Plans.*** These are the estimate of your costs to obtain architectural and design services necessary for the construction of the Restaurant. We must approve of your construction plans before you begin to build out the Restaurant, and we reserve the right to inspect the Restaurant during its build-out to make sure that construction is being done according to the plans we approved and our specifications.

9. ***Point of Sale System.*** You must obtain the point of sale system that we specify. The point of sale system is described in Item 11.

10. ***Travel, Lodging and Meals for Initial Training.*** Our estimates include only the out-of-pocket costs for the first three trainees to attend our initial training program, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

11. ***Insurance.*** These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Restaurant, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

12. ***Grand Opening Advertising.*** You must conduct a grand opening advertising campaign. We reserve the right to approve all advertisements used in your grand opening advertising campaign, and your campaign must be conducted in the 60 day period that typically takes place 30 days before and 30 days after the opening of your Restaurant. We may designate a different time period for you to conduct the grand opening advertising. Your grand opening advertising campaign must include give-aways of food samples and other promotions, as we require, and we must approve of your grand opening advertising campaign before it is conducted.

13. ***Licenses and Permits.*** These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which are included in the blueprints estimate. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

Since the availability and expenses of acquiring a liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement. The cost of a liquor license can range from under \$2,000 to over \$300,000, depending on the location and jurisdiction, but can be even higher in some states. We strongly recommend that you verify the cost and availability of a liquor license in your jurisdiction before signing the Franchise Agreement.

14. ***Additional Funds.*** You will need capital to support ongoing expenses, such as payroll, utilities, supplies, royalty fees and brand development fees if these costs are not covered by sales revenue for your first three months of operation. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.

*In the event you elect to build your Restaurant at a location that requires a ground up build to suit facility, your build-out costs will exceed the highest amount listed in Item 7. We estimate that a ground up building with site improvements will cost between \$2,750,000 and \$6,000,000 excluding cost of the land purchase.

We relied upon our principals' experience in operating Black Rock Bar & Grill Restaurants since 2010 when preparing these figures. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a Restaurant, your management skill, experience

and business acumen; local economic conditions; the local market for the Restaurant's products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT OPERATOR – DEVELOPMENT OF TWO RESTAURANTS				
(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Reservation Fee ⁽¹⁾	\$75,000	Lump Sum	On signing Multi-Unit Operator Agreement	Us
Initial Franchise Fee – First Restaurant ⁽¹⁾	\$25,000	Lump Sum	On signing Franchise Agreement	Us
Vehicle – 3 Months ⁽²⁾	\$2,000 to \$2,500	As Arranged	As Incurred	Suppliers
Other Expenditures for First Restaurant ⁽³⁾	1,469,940 to \$4,948,625	See First Table	See First Table	See First Table
Total	\$1,571,940 to \$5,051,125			

The reservation fee is imposed uniformly on all multi-unit operators and is not refundable under any circumstances. Only multi-unit operators who have signed a Multi-Unit Operator Agreement with us are eligible for the reduced initial franchise fee. The reduced initial franchise fee is not refundable. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items. We do not finance any portion of your initial investment.

Notes:

1. **Reservation Fee; Initial Franchise Fee.** These fees are discussed in Item 5. Our estimate assumes you will develop two restaurants.

2. **Vehicle.** The approximate cost for a vehicle to view potential sites, oversee the build-outs, supervise multiple locations, etc. will be \$2,000 to \$2,500 for 3 months. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.

3. **Other Expenditures for First Restaurant.** These are the estimates to build-out your first Restaurant.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sales, computer hardware and software, security systems, communication systems and audio/visual equipment, décor items, signs and related items we require, all of which must conform to the standards and specifications stated in our Confidential Operations Manual (“Manual”) or otherwise in writing, unless you have first obtained our written consent to do otherwise. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or otherwise in writing (such as via e-mail) of any changes in our standards and/or specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing (currently \$250) if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale, computer hardware and software, security systems, communication systems and audio/visual equipment), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications.

A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via e-mail) of any changes to the lists of approved products and approved suppliers.

Our affiliate Black Rock Distribution Co. is the only approved supplier of equipment or products such as our cooking rocks, ovens, oven parts, various plates, cooking tools, utensils and small wares that you must purchase or lease. Our officers Lonny Morganroth and Janette Morganroth have an ownership interest in Black Rock Distribution Co. Our affiliate Black Rock Distribution Co. is the only approved supplier of equipment or products such as our cooking rocks, ovens, oven parts, various plates, cooking tools, utensils and small wares that you must purchase or lease. Our officers Lonny Morganroth and Janette Morganroth have an ownership interest in Black Rock Distribution Co. For the fiscal year ended December 31, 2024, Black Rock Distribution Co. received \$157,247 from required franchisee purchases. We did not receive any rebates from Black Rock Distribution Co.

If you wish to purchase, lease or use any products that we have not previously approved, or purchase or lease from a supplier we have not previously approved, you must submit a written request for approval or you must request the supplier to do so. You must reimburse our costs related to our testing and inspection (currently \$250). We must approve any supplier in writing before you make any purchases from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you in writing within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you, or to any supplier, our criteria for product or supplier approval. We are not obligated to approve any specific product or supplier if we believe that approval of that product or supplier is not in the best interests of the System. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We and/or our affiliates have developed and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us for all of your inventory of those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). In the last fiscal year ended December 31, 2024, we and our affiliates earned Allowances in the amount of \$896,333.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 83% to 88% of your total purchases in establishing the

Restaurant, and approximately 70% to 80% of your total purchases in the continuing operation of the Restaurant.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our acceptance of the site for the Restaurant before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Restaurant before you sign the contract or lease. We may require you and your landlord to sign a Collateral Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Attachment 2 to the Franchise Agreement).

Your Restaurant must be constructed according to plans that we have approved. We will provide you with sample plans and specifications or layout specifications for a Black Rock Bar & Grill Restaurant. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Restaurant. You may not use the plans or begin building out your Restaurant until we have approved the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We reserve the right to inspect your Restaurant while it is being constructed. The Restaurant may not be opened before we have approved its opening.

We anticipate that your employees will use their personal vehicles to provide any catering or delivery services from your Restaurant. We reserve the right to require you to have temporary signage placed on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.

Before you open the Restaurant for business, you must obtain the insurance coverage for the Restaurant that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an "occurrence" basis. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; (b) liquor liability insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; (c) worker's compensation with limits required by applicable state law, but not less than \$500,000; (d) any insurance required by the terms of lease (or mortgage) for the Restaurant; (e) cyber insurance; (f) employment practices liability insurance; and (g) any other insurance we may require in the future.

All insurance policies, except for workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies required hereunder shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a

material alteration to or cancellation of the policies. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance on your behalf and you must reimburse our costs related to this purchase plus a 10% administrative fee.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUOA means the Multi-Unit Operator Agreement.

Obligation	Article/Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA – Article 2 MUOA – Section 3	Items 8 and 11
b. Pre-opening purchases/leases	FA – Articles 6, 7 and 8	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Article 2	Items 1, 8 and 11
d. Initial and ongoing training	FA – Article 6	Items 5, 6 and 11
e. Opening	FA – Article 6	Items 5, 6 and 11
f. Fees	FA – Articles 4 and 8 MUOA – Sections 2 and 3	Items 5 and 6
g. Compliance with standards and policies/Manuals	FA – Articles 2, 3, 6, 8, 9, 10, 11 and 12	Items 11 and 14
h. Trademarks and proprietary information	FA – Articles 9 and 10 and Attachment 6 MUOA – Section 7	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Article 7 MUOA – Section 7	Items 8 and 16
j. Warranty and customer service requirements	FA – Article 7	Item 8
k. Territorial development and sales quotas	MUOA – Section 3	Item 12
l. Ongoing product/service purchases	FA – Article 7	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Articles 2, 7 and 14	Items 8 and 11

Obligation	Article/Section in Agreement	Disclosure Document Item
n. Insurance	FA – Article 12	Items 7 and 8
o. Advertising	FA – Article 8	Items 6, 8 and 11
p. Indemnification	FA – Article 15 MUOA – Section 14	Item 6
q. Owner’s participation/ management/staffing	FA – Articles 6, 14, 15 and 19 MUOA – Section 7	Items 1, 11 and 15
r. Records and Reports	FA – Articles 4, 7 and 11	Item 6
s. Inspections and audits	FA – Articles 2, 7 and 11 MUOA – Section 12	Items 6, 8 and 11
t. Transfer	FA – Article 14 MUOA – Section 11	Items 6 and 17
u. Renewal	FA – Article 3 MUOA – Section 5	Items 6 and 17
v. Post-termination obligations	FA – Article 18 MUOA – Section 10	Items 6 and 17
w. Non-competition covenants	FA – Article 10 and Attachment 6 MUOA – Section 12	Item 17
x. Dispute Resolution	FA – Article 19 MUOA – Section 19	Items 6 and 17
y. Liquidated Damages	FA – Article 18 MUOA – Section 10	Item 6
z. Guaranty	FA – Section 19.5, Attachments 4 and 5 MUOA – Section 3.4, Attachment 1	Item 15

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Sizzling Black Rock Steak House Franchising, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement, we will provide you with the following assistance:

1. We will grant to you rights to an Exclusive Area within which you will establish and operate an agreed-upon number of Restaurants under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).
2. We will review the information regarding potential sites that you provide to us to determine whether the sites meet our standards and criteria for a Black Rock Bar & Grill Restaurant and, if the site meets our criteria, accept the site for a Restaurant (Multi-Unit Operator Agreement – Section 8.1).
3. We will provide you with standard specifications and layouts for building and furnishing the Restaurant (Multi-Unit Operator Agreement – Section 8.2).
4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 8.3).
5. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.4).

Franchise Agreement: Before the opening of a Restaurant we will provide the following assistance and services:

1. Our site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) We will also determine your Designated Territory. (Franchise Agreement, Section 1.4)
2. At your request, location assistance and/or additional on-site evaluations of the proposed site for your Restaurant. You must pay our then-current location assistance fee and reimburse our expenses, including travel, lodging and meals. (Franchise Agreement, Section 5.2.)
3. Standard specifications and/or layouts for building and furnishing the Restaurant, which you will use to have site plans and build-out plans prepared, at your expense. (Franchise Agreement, Section 5.3.) We reserve the right to inspect your Restaurant during its construction.
4. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.4 and 10.1.) We may provide all or a portion of the Manual to you electronically, such as via a password-protected website.

5. A list of approved products and suppliers, which we may revise during the term of your Franchise Agreement and which may include us and/or our affiliates and specifications for these approved products. Franchisor does not deliver or install these items. (Franchise Agreement, Sections 5.9 and 7.6.)

6. An initial training program at our headquarters for up to three people. (Franchise Agreement, Sections 5.10 and 6.4.)

7. One of our representatives to provide up to seven days of opening assistance and training around the opening of your Restaurant. You must reimburse the expenses that our representative incurs while providing opening assistance, such as travel, lodging and meals. (Franchise Agreement, Section 6.4.) If you are opening your second or later Restaurant, we reserve the right to not provide opening assistance or to reduce the amount of opening assistance provided.

Continuing Obligations

Franchise Agreement: During the operation of a Restaurant we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Sections 5.5 and 7.7.6.)

2. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section 5.7.)

3. Training programs and seminars and other related activities regarding the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which may be mandatory for your General Manager and other Restaurant personnel. (Franchise Agreement, Section 6.4.4.)

4. At your request or if we determine it is necessary, additional on-site training or assistance at your Restaurant. You must pay our per diem fee for each trainer providing the training and you must reimburse our expenses. (Franchise Agreement, Section 6.4.3.)

5. Administration of the brand development fund. (Franchise Agreement, Section 8.3.)

6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 9.4.)

7. Designate the maximum prices you may charge for certain menu items, as permitted by applicable law. (Franchise Agreement, Section 7.16.)

Grand Opening Advertising: You must conduct an advertising campaign announcing the grand opening of your Restaurant. You must spend \$10,000 for this campaign. Your grand opening advertising campaign must be conducted in the 60-day period that includes 30 days before and 30 days after the opening of your Restaurant, unless we designate a different time period for you to conduct the grand opening advertising. Your grand opening advertising campaign must include give-aways of food samples and other promotions, as we require, and we must approve of your grand opening advertising campaign before it is conducted.

Brand Development Fund: We reserve the right to establish and administer a Brand Development Fund (the “Brand Development Fund”) to advertise the System and the products offered by Black Rock Bar & Grill Restaurants on a regional or national basis. You must contribute to the Brand Development Fund an amount of up to 2% of the Restaurant’s Gross Sales each week, to be paid in the same manner as the Royalty Fee.

The Brand Development Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. Advertising materials may be developed in-house by us or we may employ one or more advertising agencies to develop advertising. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Brand Development Fund to support our website. Any Restaurants operated by us or our affiliates will contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or make sure that any particular franchisee benefits directly or pro rata from the placement of advertising. We have no obligation to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.

2. The Brand Development Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; product research and development; public relations activities; employing advertising agencies; menu and product development; development and maintenance of our website; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Brand Development Fund will be accounted for separately from our general funds. We may reimburse ourselves out of the Brand Development Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Brand Development Fund and advertising programs for you and the System. Our reimbursements for our personnel and other department costs will not be more than 5% of the Creative Marketing Fund. The Brand Development Fund and its earnings will not otherwise benefit us. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year. No portion of the Brand Development Fund will be used for advertising that is primarily a solicitation of franchise sales. During fiscal year ending December 31, 2024, the Brand Advertising Fund collected \$444,230 and spent \$447,943. During fiscal year ending December 31, 2024, we spent the Brand Advertising Fund monies on the following categories of expenses: 35% media placement; 19% media production and development; 7% social media and sponsorships; and 39% administrative.

3. We will prepare an annual statement of the operations of the Brand Development Fund that will be made available to you if you request it. We are not required to have the Brand Development Fund statements audited.

4. Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the option to reinstate it at any time and it will be operated as described above.

5. Money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Restaurant and use in local advertising, at your expense. The Brand Development Fund may also develop new menus and table tents for use by all Black Rock Bar & Grill Restaurants in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used. Currently we are not charging any amount for commercial materials and ad layout templates, but we reserve the right to do so in future.

Local Advertising: You must conduct local advertising in your Designated Territory. At a minimum you must spend 2% of Gross Sales or \$6,000 each month, whichever amount is higher, on local advertising for your Restaurant, and each month you must spend the equivalent of 1% of retail cost for food promotions. We reserve the right to determine which menu items must be included in your monthly food promotions. Within 30 days of our request, you must provide us with proof of your local advertising expenditures, including verification copies of the advertisements.

We must approve all advertising before you use it, and we may designate the menu item(s) that must be included in your monthly food promotions. You must not advertise or use our Marks in any fashion on the internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12 month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and our website address and phone number.

We have no obligation to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.

Cooperative Advertising: We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing promotional materials for use by the members in local advertising, subject to our approval as described above. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located will be provided to you if you request it. You will not have to participate in more than one Cooperative.

The payments you make to a Cooperative may be applied by you toward satisfaction of your local advertising requirement. If the amount you contribute to a Cooperative is less than your local advertising requirement, you must still spend the difference locally. By vote of the members, the members will determine the amount that each member must contribute to the Cooperative. All Restaurants in the

Cooperative, including those owned by us and/or our affiliates, will have the same voting rights as franchisees, but no one Restaurant (or commonly controlled group of Restaurants) will have more than 25% of the total vote.

All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently there are no Cooperatives in the System. The Cooperative is not required to prepare an annual financial statement.

Website / Intranet: We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Restaurant a “click through” subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electric commerce that we establish or maintain, including any apps may – in addition to advertising and promoting the products, programs or services available at Black Rock Bar & Grill Restaurants – also be devoted in part to offering Black Rock Bar & Grill franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “Black Rock Bar & Grill” name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as, without limitation, Facebook, FourSquare, Instagram, Snapchat, Tik Tok, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Restaurant’s operation, including prohibitions on your and the Restaurant’s employees posting or blogging comments about the Restaurant or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, FourSquare, Instagram, Snapchat, Tik Tok, and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools), whether currently existing or yet to be created. We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

Advisory Council: We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Black Rock Bar & Grill Restaurants, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

Site Selection: You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our acceptance and using our site submittal forms. The Restaurant may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. We will conduct one on-site evaluation, but before we provide the evaluation you must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. If you request that we conduct additional site evaluations, you must pay our fee and expenses. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site.

You must submit to us information and materials relating to the proposed site for our review no later than 60 days after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to accept or decline the proposed site as the location for your Black Rock Bar & Grill Restaurant. If we do not provide our specific acceptance of a proposed site, the site is deemed not accepted. Our acceptance only means that the site meets our minimum requirements for a Restaurant, subject to any deviation from our standards as we may permit. If you are unable to find a suitable location for your Restaurant within 60 days after you sign the Franchise Agreement, we may grant you additional time to locate a site or we may terminate the Franchise Agreement and refund \$5,000 of the initial franchise fee to you.

We will provide you with our current site selection guidelines and any other site selection counseling and assistance we think is advisable. Our criteria for site selection include: location of the site and its setting (free-standing building, shopping center, downtown location, etc.); other tenants in the building; availability of parking; visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a Black Rock Bar & Grill Restaurant.

Opening: We estimate that the time from the Franchise Agreement is signed to the opening of the Restaurant will be approximately nine to 12 months. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. The only assistance we provide is one (1) of our representatives to provide on-site opening assistance and training for up to seven (7) days around your Restaurant opening. You agree to pay all expenses our representative incurs, including, without limitation, travel, lodging and meals expenses. You must open the Restaurant and begin business within 12 months

after signing the Franchise Agreement. If you are not able to open your Restaurant within this 12 month period, you must pay us a delayed opening fee of \$1,000 per month for each month your Restaurant's opening is delayed, up to a maximum of six additional months. If your Restaurant has not opened within this additional 6 month period, we have the right to terminate your Franchise Agreement without providing a refund of any portion of your initial franchise fee or, in our discretion, we may extend the period of time for you to open and you must continue paying the delayed opening fee.

If you are a Multi-Unit Operator, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Restaurant is the same as for an individual franchisee. UNDER the MUOA the franchisor will approve the location of future units and any territories for those units and the then-current standards for sites and territories will apply.

Training: No later than 30 days before the date the Restaurant begins operation, up to three people (your General Manager, Kitchen Manager and Assistant Kitchen Manager) must have completed, to our satisfaction, our mandatory initial training program. We will conduct this training at our corporate headquarters, at one of our affiliate's Restaurants in Michigan, or at another location we designate. Our initial training program lasts for approximately four weeks. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants.

We will provide instructors and training materials for the initial training of three people for your Restaurant. You may also have additional personnel trained by us for the Restaurant, at your expense. We will determine whether you or your General Manager have satisfactorily completed initial training. If you or the General Manager do not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. If the replacement General Manager cannot complete the initial training program to our satisfaction, we have the right to terminate your Franchise Agreement and refund a portion of your initial franchise fee.

Any manager subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that manager to the headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also pay for all expenses your managers and other personnel incur for any training program, including costs of travel, lodging, meals and applicable wages. We may approve you to train replacement managers under our training program before permitting you to train your entire staff for a third or later Restaurant opening. You may not train any personnel until we have approved you as a trainer.

For the opening of the Restaurant, we will provide you with one of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for up to seven days around your Restaurant opening. You must reimburse the expenses our representative incurs while providing opening assistance, such as travel, lodging and meals.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Restaurant, or if we determine that additional on-site training or assistance is needed, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

The instructional materials used in the initial training include our Operations Manual, marketing and promotion materials, materials related to the operation of the point of sale system, demonstration videos, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Instruction	Column 3 Hours of On-the-Job Training	Column 4 Location
Company Policy and Procedures	2	5	Hartland, Michigan or Fort Lauderdale, Florida
Menu	4	2	Hartland, Michigan or Fort Lauderdale, Florida
Beer, Wine & Liquor Training	4	0	Hartland, Michigan or Fort Lauderdale, Florida
Bar Operations	2	4	Hartland, Michigan or Fort Lauderdale, Florida
Food Preparation and Kitchen Operations	2	102	Hartland, Michigan or Fort Lauderdale, Florida
Server Training	1	8	Hartland, Michigan or Fort Lauderdale, Florida
Management	5	20	Hartland, Michigan or Fort Lauderdale, Florida
Customer Service	2	10	Hartland, Michigan or Fort Lauderdale, Florida
Computer and POS	5	5	Hartland, Michigan or Fort Lauderdale, Florida
Accounting and Administration	10	5	Hartland, Michigan or Fort Lauderdale, Florida
Marketing	6	2	Hartland, Michigan or Fort Lauderdale, Florida
Total	43	163	Hartland, Michigan or Fort Lauderdale, Florida

The training program will be executed by Lindsay Burck (disclosed in Item 2) and Gerald Bradley. Mr. Bradley has worked for us or one of our affiliates since 2022 working in various restaurants. He has performed all of the functions of a Restaurant General Manager and a Kitchen Manager. He has worked for over 20 years in the restaurant industry in many capacities, mainly with the Outback Steakhouse brand. They will be assisted by other staff members. Each of our instructors has at least 4 years of experience in the subject being taught and at least 4 years of experience with us and/or our affiliates.

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

We may choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at an annual meeting is mandatory for you, your General Manager and/or other Restaurant personnel. We do not anticipate charging a fee to attend the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages. We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site.

We may also choose to hold refresher training courses, and we may designate that attendance at refresher training is mandatory for you, your General Manager and/or other Restaurant personnel. We do not anticipate charging a fee for refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

In addition to our initial training program, you, your managers and any other personnel we designate must be ServSafe and alcohol awareness/TIPS certified or other similar certifications. The cost of these certifications is not included in the initial franchise fee and we do not provide these certifications. You may need to receive periodic additional training and/or certification.

Confidential Operations Manual: The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit E. Our Manual contains approximately 384 pages.

Computer and Point of Sale Systems: You must purchase or lease and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing, reservation system and credit card processing.

The computer system must be set up to enable us to have independent and immediate access to the information monitored, generated and stored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line in accordance with our specifications to permit us to access the computer system (or other computer hardware and software) either electronically or at the Restaurant premises. This will permit us to electronically inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost.

Unless we designate a different system, you must purchase the Aloha computer/point of sale system. The approved supplier for the point of sale system, if we designate one, will be included in the Manual. We expect that the point of sale system will cost approximately \$22,000 to \$27,000. You must purchase a support contract for your point of sale system, which we anticipate will cost approximately \$1,000 per year. You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or the cost of any update and/or upgrade. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale system.

You must obtain and maintain internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

Services May Be Provided By Area Representative. If we engage an area representative or other contractor for the area in which your franchise is located, the area representative or other contractor may perform some or all of the obligations described above that would otherwise be performed by us, including on-site assistance and operations support.

ITEM 12

TERRITORY

Franchise Agreement: Your Franchise Agreement will specify the site that will be the Accepted Location for your Restaurant. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Your Franchise Agreement may also specify a Designated Territory. The minimum Designated Territory that may be granted is a five mile radius for the state of Michigan and three mile radius for all other states. We reserve the right to limit the size of the Designated Territory in densely populated areas.

If any non-traditional site (such as military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof, and other mass gathering locations or events) is located within the physical boundaries of your Designated Territory, then the premises of this non-traditional site will not be included in your Designated Territory and you will have no rights to this non-traditional site. If your Restaurant is located at a non-traditional site, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Designated Territory may be altered before your Franchise Agreement expires or is terminated. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Restaurant. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Black Rock Bar & Grill Restaurant and is located within your Designated Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, the Proprietary Products, and any other products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside your Designated Territory, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant; (c) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Designated Territory under any terms and conditions we deem appropriate; and (d) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Designated Territory.

You may sell our products and menu items to customers who live anywhere but who choose to dine at or from your Restaurant. You may not provide catering services outside of your Designated Territory unless the customer is located in an area that has not yet been sold to another franchisee in the System and we have approved you to provide these services. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory, you may not make any sales or deliver any products to customers located outside of your Designated Territory, unless the customer is located in an area where there is not another Black Rock Bar & Grill Restaurant in operation. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell our products to any business or other customer at wholesale.

We and our affiliates may sell products under the Marks within and outside your Designated Territory through any method of distribution other than a Black Rock Bar & Grill Restaurant, including sales through channels of distribution such as the internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Designated Territory and you will not receive any compensation for our sales through alternative distribution channels.

We or our affiliates will fulfill all orders placed through the retail portion of our Website, and you will not be entitled to any portion of the profits received from this, even if the customer’s order is generated from or delivered to an address in your Designated Territory.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurant which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

We maintain the right under the Franchise Agreement to buy back the franchised Restaurant. In the event of expiration or termination for cause by us, if the Restaurant has been operating less than 12 months, we will pay you a purchase price equal to 200% of the Restaurant assets or if you have been in operation longer than 12 months, we will pay you four times your Restaurant's EBITDA. We will provide you with 90 days' written notice that we are exercising this buy back right. The closing shall occur 30 days following our notice to you. Multi-Unit Operators open Restaurants under separate Franchise Agreement.

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we grant you the right to develop and operate the number of Black Rock Bar & Grill Restaurants in the Exclusive Area that is specified in the Minimum Performance Schedule, which is an attachment to the Multi-Unit Operator Agreement. The Exclusive Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Exclusive Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Exclusive Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Exclusive Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria for you to meet the Minimum Performance Schedule.

Except as described below, during the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the Exclusive Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Exclusive Area may or may not, in our discretion, include the right to develop Restaurants at any Non-Traditional Site.

Except as expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the Proprietary Products, other products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described above, both within and outside your Exclusive Area, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; (c) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate. Non-Traditional Sites include without limitation military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof, and other mass gathering locations or events. If a Non-Traditional Site becomes available within the Exclusive Area during the term of the Multi-Unit Operator Agreement, we may, in our sole discretion, offer you the opportunity to develop a Restaurant at the Non-Traditional Site. You will have 30 days after we notify you that the site is available to accept this right of first refusal; and (d) to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Exclusive Area.

After the final Restaurant under your Minimum Performance Schedule has opened, if we believe that it is desirable to establish additional Restaurants within the Exclusive Area, and if you complied with the terms of your Multi-Unit Operator Agreement and are in compliance with your Franchise Agreements, we will offer you the right to develop these additional Restaurants, which will include payment of the then-

current initial fees upon execution of the then-current Franchise Agreement(s). You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit operator or to develop the Restaurants ourselves.

We or our affiliates will fulfill all orders placed through the retail portion of our Website, and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered to an address in your Exclusive Area.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of Restaurants stated on the Minimum Performance Schedule by the dates agreed upon in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Operator Agreement.

In addition, upon the expiration of the term of the Multi-Unit Operator Agreement, which is when the last Restaurant to be developed within the Exclusive Area opens for business, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Exclusive Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Exclusive Area. This right will be subject only to the territorial rights under your franchise agreements for Restaurants in the Exclusive Area and the right of first refusal described above. The Exclusive Area may not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Exclusive Area under the Multi-Unit Operator Agreement, except as described above.

We maintain the right under the Multi-Unit Operator Agreement to buy back the franchised Restaurants. If a Restaurant has been operating less than 12 months, we will pay you a purchase price equal to 200% of the Restaurant assets (per Restaurant) or if a Restaurant has been in operation longer than 12 months, we will pay you six times the Restaurant's EBITDA (per Restaurant). We will provide you with 90 days' written notice that we are exercising this buy back right. The closing shall occur 30 days following our notice to you.

ITEM 13

TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Multi-Unit Operator Agreement does not grant to you any right to use the Marks.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

We, Sizzling Black Rock Steak House Franchising, Inc. have registered or applied for registration of the following principal Marks with the U.S. Patent and Trademark Office on the Principal Register ("USPTO"):

Trademark Name	International Classes	Application Number	Application Date	Registration Number	Registration Date
SIZZLING BLACK ROCK STEAKHOUSE	43	85662024	Jun-26-2012	4415741	Oct-08-2013
SIZZLING BLACK ROCK	43	86522856	Feb-03-2015	4947526	Apr-26-2016
SIZZLING BLACK ROCK BAR & GRILL	43	86522979	Feb-03-2015	4947527	Apr-26-2016
BLACK ROCK BAR & GRILL	43	86523072	Feb-03-2015	4933873	Apr-05-2016
TEAM BLACK ROCK	43	86643298	May-27-2015	5306998	Oct-10-2017
755° OF SIZZLING SATISFACTION	43	86643324	May-27-2015	4942908	Apr-19-2016
BLACK ROCK RESTAURANTS	35, 43	86969348	Apr-08-2016	5324751	Oct-31-2017
BLACK ROCK EXPRESS	43	86969385	Apr-08-2016	5991407	Feb-18-2020
THE ORIGINAL BLACK ROCK	43	87146826	Aug-22-2016	5487246	Jun-05-2018
BLACK ROCK	43	87159612	Sep-02-2016	5336550	Nov-14-2017
WE WILL BE YOUR NEW FAVORITE RESTAURANT	43	87195338	Oct-06-2016	5336749	Nov-14-2017
DUELING PRETZEL & CHEESE FONDUE	30	87423246	Apr-24-2017	5667097	Jan-29-2019
BUBBLING SHRIMP	29	87423266	Apr-24-2017	5514881	Jul-10-2018
ONE EYED LUCY	30	87423304	Apr-24-2017	5514882	Jul-10-2018
TASTE OF BLACK ROCK	29	87423346	Apr-24-2017	5514883	Jul-10-2018
DYNAMITE CHICKEN	29	87423380	Apr-24-2017	5514886	Jul-10-2018
CHICKEN JANA E	29	87423391	Apr-24-2017	5587194	Oct-16-2018
SIZZLING BLACK ROCK VOLCANO	30	87423431	Apr-24-2017	5514888	Jul-10-2018
MONSTER FRENCH ONION	29	87424893	Apr-25-2017	5536728	Aug-07-2018
ART OF SICILY	30	87433444	May-02-2017	5618308	Nov-27-2018

Trademark Name	International Classes	Application Number	Application Date	Registration Number	Registration Date
THE M.O.A.S. MOTHER OF ALL SANDWICHES	30	87469614	May-31-2017	5520793	Jul-17-2018
TOM GOBBLER	30	87469667	May-31-2017	5623522	Dec-04-2018
LOCO QUESADILLA BURGER	30	87469697	May-31-2017	5671041	Feb-05-2019
CAMPFIRE SWEET POTATO	29	87469802	May-31-2017	5633750	Dec-18-2018
LOUISIANA DREAM	30	87469858	May-31-2017	5633751	Dec-18-2018
ROCK SAUCE	30	87469919	May-31-2017	5704004	Mar-19-2019
STEAK ON A STONE	43	87469983	May-31-2017	5677578	Feb-19-2019
ROCK BURGER	30	87470016	May-31-2017	5591232	Oct-23-2018
CHOPSTICK CHICKEN	29	87470273	May-31-2017	5638823	Dec-25-2018
STEAKATHON	43	87473702	Jun-02-2017	6283394	Mar-02-2021
ROCK DOG	29	87473744	Jun-02-2017	5607945	Nov-13-2018
A SIZZLE ABOVE THE REST	43	87474983	Jun-05-2017	5650221	Jan-08-2019
MODERN STONE AGE COOKING	43	87474996	Jun-05-2017	5746215	May-07-2019
HOT ROCK COOKING	43	87475023	Jun-05-2017	5677582	Feb-19-2019
DUELING STEAKS	29	87540632	Jul-24-2017	5692653	Mar-05-2019
ROCK YOUR STEAK	43	87580223	Aug-23-2017	5795081	Jul-02-2019
LETTUCELESSGREEK (Supplemental Register)	29	87740939	Jan-02-2018	5771638	Jun-04-2019
COOKIE-CANO	30	87744995	Jan-05-2018	5698847	Mar-12-2019
MAGIC POTION	33	87778088	Jan-31-2018	5676513	Feb-12-2019
A SIZZLE IN EVERY BITE	43	87898131	Apr-27-2018	5822791	Jul-30-2019

Trademark Name	International Classes	Application Number	Application Date	Registration Number	Registration Date
SAUCE WORKSHOP	43	88040560	Jul-17-2018	5985360	Feb-11-2020
STEAK WARS	29	88046002	Jul-20-2018	5783512	Jun-18-2019
STEAK UNIVERSITY	41	88063399	Aug-02-2018	6283611	Mar-02-2021
THE M.O.A.B. THE MOTHER OF ALL BURGERS	30	88063428	Aug-02-2018	6267117	Feb-09-2021
SECRET WEAPON SAUCE	30	88078206	Aug-14-2018	6037912	Apr-21-2020
MOONS OVER MY BURGER	30	88085322	Aug-20-2018	5853135	Sep-03-2019
THE HAPPY HANGOVER	30	88086878	Aug-21-2018	5853140	Sep-03-2019
STOP FOR STEAK	43	88093779	Aug-27-2018	6034600	Apr-14-2020
MONSTER CHILI	29	88105568	Sep-05-2018	Pending	Pending
HOT ROCKS!	43	88148677	Oct-09-2018	6034679	Apr-14-2020
STEAK ON THE ROCKS	29, 43	88151925	Oct-11-2018	6262353	Feb-02-2021
MONSTER MUSHROOM SOUP	29	88152807	Oct-12-2018	Pending	Pending
MONSTER LOBSTER BISQUE	29	88167415	Oct-24-2018	Pending	Pending
SOUPALICIOUS	29	88167462	Oct-24-2018	5997955	Feb-25-2020
TOP ROCK	43	88342049	Mar-15-2019	6054467	May-12-2020
STEAKVILLE U.S.A.	43	88401801	Apr-25-2019	6009507	Mar-10-2020
STRAWBERRY STORM	33	88413245	May-02-2019	6020418	Mar-24-2020
MAKIN' ME BANANAS	33	88413270	May-02-2019	6020419	Mar-24-2020
MILE HIGH RINGS	29	88434106	May-16-2019	6137337	Aug-25-2020
SOUP-3-WAYZ	29	90148710	Aug-31-2020	6667855	Mar-08-2022

Trademark Name	International Classes	Application Number	Application Date	Registration Number	Registration Date
STEAKALICIOUS	29	88674271	Oct-30-2019	6390239	Jun-15-2021
LOVIN' EVERY BITE	43	88674304	Oct-30-2019	6464292	Aug-24-2021
SHRIMPALICIOUS	29	88828645	Mar-10-2020	6274159	Feb-16-2021
SEA WARS	29	88828701	Mar-10-2020	6274160	Feb-16-2021
IT'S ON THE ROCK	43	90083893	Jul-30-2020	6435878	Jul-27-2021
STEAK LIKE YOU MEAN IT	43	90848171	Jul-26-2021	7020126	Apr-4-2023
LIGHT 'EM UP LEMONADE	33	97313425	Mar-15-2022	6881589	Oct-18-2022
STEAK HEAVEN	43	97459668	Jun-15-2022	7402888	May-28-2024
PARTY IN A CUP	33	97550683	Aug-16-2022	7403038	May-28-2024
LIQUID DESSERT	33	97700344	Dec-01-2022	7403367	May-28-2014
	30	98033394	Jun-08-2023	Pending	Pending

WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PENDING TRADEMARKS OR LETTUCELESSGREEK. LETTUCELESSGREEK IS ONLY REGISTERED ON THE USPTO'S SUPPLEMENTAL REGISTER. THEREFORE, THESE TRADEMARKS DO NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE ANY OF THESE TRADEMARKS IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Marks listed above. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks in a manner material to the franchise.

We do not know of either superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks in the state where the Restaurant will be located. We intend to file all affidavits and to renew all registrations for the Marks when they become due.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not have an ownership interest in any patents or registered copyrights that are material to the franchise.

Confidential Manuals: You must operate the Restaurant in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement. We may, instead of providing you with a hard copy of the Manual, make our Manual available electronically via a password protected intranet.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Restaurant, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also ensure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. Neither you nor any Principal shall, during the term of your Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons,

partnership, association or corporation and, following the expiration or termination of your Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of your Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, food preparation, preparation of any items using the “cook-on-stone” concept recipes, and the terms of your agreement with us, are considered confidential. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

If we ask, you must have your General Manager and any of your personnel who have received or will have access to confidential information sign similar confidentiality covenants. Your Principals also must sign these covenants.

If you, your Principals, General Manager or employees develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information, free of charge. You, your Principals, General Manager and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign your agreement, you must designate and retain at all times an individual to serve as the “General Manager”. If you are a business entity, the General Manager does not need to own an equity interest in your business entity. If you are an individual, we recommend that you be the General Manager. Even though we do not require you to be actively involved in the daily operation of your Restaurant, you must still make sure that your Restaurant is being operated according to the terms of your Franchise Agreement and the Manual. You must also retain other personnel as are needed to operate and manage the Restaurant. The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must be individually acceptable to us, and must be approved by us to act as a General Manager. The General Manager must be responsible for the supervision and management of the Restaurant, and must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager stops serving or no longer meets the requirements.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person’s relationship with you, from your General Manager, and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners). You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. Our form of Confidentiality and Non-Competition Agreement is included as Attachment 6 to the Franchise Agreement. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this

paragraph. We will be a third-party beneficiary to each of these agreements with the independent right to enforce each agreement's terms.

As described in Item 1, we have identified certain persons under the Franchise Agreement that we refer to in this Disclosure Document as your Principals. Your Principals include you, your spouse (if you are a married individual), your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you. Your Principals must sign the Franchise Agreement personally and agree to be individually bound by the obligations under the Franchise Agreement, including confidentiality and non-competition covenants and they must personally guarantee your performance under the Agreements. The spouse of a Principal must sign a personal guaranty, even if the spouse is not a party to the franchise agreement.

Only individuals will be permitted to sign a Multi-Unit Operator Agreement with us. You will not be permitted to utilize a business entity, including a limited liability company, corporation or any other entity or organization, whether private or public, which is required by law to file or be formed, to enter into a Multi-Unit Operator Agreement with us. By signing the Multi-Unit Operator Agreement personally, you are guarantying the obligations under the Multi-Unit Operator Agreement. If your spouse is not a party to the agreement, your spouse does not have to sign a guaranty.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, merchandise, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes.

You must maintain, in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

You must keep the Restaurant very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Restaurant.

We may designate the maximum prices for the goods, products and services offered from your Restaurant, where permitted by applicable law, and you must comply with our pricing requirements. We

make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your Designated Territory.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Article/Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 3.1	Term continues for 20 years from the date of the Franchise Agreement unless terminated earlier
b. Renewal or extension of the term	Section 3.2	One additional term of 20 years
c. Requirements for franchisee to renew or extend	Section 3.2, 3.3, and 3.4	Renewals are automatic. If you have been in substantial compliance through the initial term and are in full compliance with all agreements at the expiration of the initial term, within the last 6 months of the term of your Franchise Agreement, we will send you a bill for the renewal fee as well as any documents that you must sign for the renewal, which may include a renewal Franchise Agreement and a release. After we have received the executed documents that we have provided to you, we shall inspect and provide notice of any updates are required for the franchised business. You shall have 6 months (from the notice) to effectuate them. If you fail or refuse, we shall have the right to terminate the renewal franchise documents. If you do not pay the renewal fee and sign the documents we require by the expiration date of the initial term, your agreement will not be renewed You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees

Provision	Article/Section in Franchise Agreement	Summary
		We may refuse to renew if your right to occupy the Accepted Location is not extended before your renewal term takes effect or if you don't have a written commitment from the landlord to renew the lease for an equal period to the renewal term. We may also refuse to renew if you fail to comply with terms of the Franchise Agreement, fail to pay amounts owed to us or affiliates, or fail to cure any defaults during the initial term of the Franchise Agreement.
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with "cause"	Section 17.1.1 and 17.3	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
g. "Cause" defined – curable defaults	Sections 17.1.3, 17.2, and 17.3	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice under the Franchise Agreement (or such other cure period if specified under another agreement); fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within 30 days after a request; fail to obtain and maintain required insurance within 10 days after notice; fail to propose a qualified replacement or successor general manager within the time period under the Franchise Agreement within 10 days after notice; misuse or use the Marks in an unauthorized manner and fail to cure within 24 hours after notice; and fail to cure any other default that is susceptible of cure within 30 days after notice, including if you fail to comply with any of the requirements imposed by the Franchise Agreement or fail to carry out the terms in good faith, fail to maintain or observe the standards and specifications and procedures prescribed in the Franchise Agreement, and fail or refuse or neglect to obtain our prior written approval or consent as required by the

Provision	Article/Section in Franchise Agreement	Summary
		Franchise Agreement. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
h. “Cause” defined – non-curable defaults	Sections 17.1.2, 17.1.3, and 17.3	We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent; make a general assignment for benefit of creditors; file a petition or have a petition initiated against you under federal bankruptcy laws; are adjudicated a bankrupt or insolvent; file a bill in equity or other proceeding for the appointment of a receiver or other custodian for you; have a receiver or other custodian of your assets appointed by a court; have proceedings for a composition with creditors instituted against or by you; have outstanding judgments against you for over 30 days; are dissolved; have an execution levied against your business or property; have suit to foreclose any lien or mortgage against the premises or equipment instituted against you and is not dismissed within 30 days; if the real or personal property of the franchised business is sold after levy thereupon by any sheriff, marshal, or constable; sell unauthorized products or services; fail to find an accepted location within time required; fail to construct or remodel when required; fail to open Restaurant when required; abandon or lose right to the Restaurant premises; are convicted of a felony or other crime that may have an adverse affect on the System or Marks; are a threat to the public health and safety; transfer any interest without our consent; transfer upon death not in accordance with the Franchise Agreement; knowingly maintain false books or records; breach or falsely misrepresent you representations and warranties in the Franchise Agreement; commit 3 material events of default within a twelve month period (whether or not they are the same or different in nature); are not able to complete the initial training program to our satisfaction after having given you the opportunity to designate a replacement manager; and if you fail to comply with the applicable laws and ordinances relating to the restaurant. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.

Provision	Article/Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Article 18	Obligations include: You must cease operations of the restaurant; stop using the system, cancel all assumed names; agree not to use any reproduction, counterfeit, copy or colorable imitation of the Marks; pay all amounts due to us or our affiliates; deliver and return the Manual and all other proprietary materials; comply with the confidentiality requirements; furnish to us a list of all advertising and promotion materials; sell or assign to us all your rights in the Restaurant premises, the equipment and fixtures used in the business, and the telephone numbers of the Restaurant and any related Yellow Pages trademark listing; and pay liquidated damages.
j. Assignment of contract by Franchisor	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k. "Transfer" by franchisee – defined	Section 14.2.1	Includes sale, assignment, conveyance, give away, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person)
l. Franchisor approval of transfer by franchisee	Section 14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent
m. Conditions for franchisor approval of transfer	Section 14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, pay a transfer fee, and remain liable for all obligations incurred prior to the effective date of the transfer. Transferee must meet our criteria, complete training to our satisfaction, renovate and upgrade the restaurant to conform with the then current standards, make all representations and warranties as required in the Franchise Agreement if it is a business entity, and sign the then current Franchise Agreement and an agreement assuming full liability for and agreeing to perform all obligations in the transferor's Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4	Within 30 days after notice, we have the option to purchase the interest to be transferred on the same terms and conditions as offered

Provision	Article/Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Sections 14.8 and 18.12	We have the right to buy back the business at any time. In addition, upon termination or expiration of the Franchise Agreement, we have the right to purchase certain assets of the Restaurant
p. Death or disability of franchisee	Section 14.5	If you or a Principal are a natural person, on death or permanent disability, distributee must be approved by us, or franchise must be transfer to someone approved by us within 12 months after death or within six months after notice of permanent disability
q. Non-competition covenants during the term of the franchise	Section 10.3.1	You are prohibited from operating or having an interest in a Competitive Business without our prior written consent
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3.2	You and your Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a Competitive Business within 25 miles of any Restaurant in the System
s. Modification of the agreement	Sections 10.1.5 and 19.2	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended
t. Integration/merger clause	Section 19.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable federal and/or state law). No other representations or promises will be binding. No Claim made in any franchise agreement is intended to disclaim the express representations Franchisor made in its Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 19.7	Mediation in county and state of our principal place of business at the time the mediation is commenced, subject to applicable state and federal law. Arbitration in county and state of our principal place of business at the time the action is filed, subject to applicable state and federal law.
v. Choice of forum	Section 19.8	Our principal place of business at the time the action is filed, subject to applicable state and federal law
w. Choice of Law	Section 19.8	Michigan, subject to applicable state and federal law, and with the MFIL being exempt unless the jurisdictional requirements are met.

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Multi-Unit Operator Agreement	Summary
a. Length of the franchise term	6.1	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	5.1	After all Restaurants have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement
c. Requirements for multi-unit operator to renew or extend	Not applicable	Not applicable
d. Termination by multi-unit operator	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	9	We can terminate if you commit any one of several listed violations
g. “Cause” defined – curable defaults	9.2	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you default in performance of any other obligation under the Agreement; and you open any Restaurant before a Franchise Agreement for that Restaurant has been signed
h. “Cause” defined – non-curable defaults	9.1	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Restaurants stop operating; you attempt to sell, assign, transfer, or encumber the Multi-Unit Operator Agreement before having at least 25% of the Restaurants constructed; purport to effect any assignment other than in accordance with the Agreement; you make a material misrepresentation to us; conviction by you of an indictable offense; bankruptcy or insolvency; if you file appointment of receiver or other custodian; if a receiver or other custodian is appointed by a court; if proceedings for a composition with creditors is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer; if execution is levied against your business or property; if suit to foreclose any lien or mortgage instituted against you and not dismissed within 30 days; if the real or personal property

Provision	Section in Multi-Unit Operator Agreement	Summary
		of the business is sold after levy thereupon by a sheriff, marshal or constable; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Multi-unit operator's obligations on termination/non-renewal	10.1	You must immediately cease any attempts to select sites on which to establish restaurants and must immediately cease to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us. No right or remedy conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity
j. Assignment of contract by franchisor	11.8	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement
k. "Transfer" by multi-unit operator – defined	11	Includes transfer of any interest in the Multi-Unit Operator Agreement
l. Franchisor approval of transfer by multi-unit operator	11.6	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for franchisor approval of transfer	11.6	Conditions for transfer include not being in default, at least 25% of all Restaurants required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators and executes the then current form of the Multi-Unit Operator Agreement and the then current form of Franchise Agreement for every restaurant open, execution of a general release, payment of transfer fee, buyer assumes all of the obligations under the transferor's Multi-Unit Operating Agreement
n. Franchisor's right of first refusal to acquire multi-unit operator's business	11.4	We have the right to match the offer
o. Franchisor's option to purchase multi-unit operator's business	11.10	We have the right to buy back your development rights and any developed Restaurants at any time
p. Death or disability of multi-unit operator	11.2	Interest must be transferred to an approved party as listed in the Multi-Unit Operating Agreement
q. Non-competition covenants during the term of the franchise	12.1	You are prohibited from operating or having an interest in a similar business without our prior written consent, except for Restaurants operated under Franchise Agreements with us

Provision	Section in Multi-Unit Operator Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	12.2	No competing business for 2 years and within 25 miles of any Restaurant in the System
s. Modification of the agreement	18	Multi-Unit Operator Agreement may not be modified unless mutually agreed to in writing
t. Integration/merger clause	18	Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law). No claim made in any franchise agreement is intended to disclaim the express representations Franchisor made in its Franchise Disclosure Document
u. Dispute resolution by arbitration or mediation	19.1 and 19.3	Mediation in county and state of our principal place of business at the time the mediation is commenced, subject to applicable state and federal law. Arbitration in county and state of our principal place of business at the time the action is filed, subject to applicable state and federal law.
v. Choice of forum	19.4	Our principal place of business at the time the action is filed, subject to applicable state and federal law
w. Choice of law	19.4	Michigan, subject to applicable state and federal law, and with the MFIL being exempt unless the jurisdictional requirements are met.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following Financial Performance Representation shown in Table 1 are unaudited average Gross Sales derived from the actual historical performance for the 2024 calendar year of all of our franchisees who have been open for at least 12 months as of December 31, 2024. Financial results of our affiliate, Fountain Square Restaurant Holdings, Inc., which operates a substantially similar business to the business being franchised are not included in Table 1. Since we measured only those Franchised Restaurants that completed 12 months of operation as of December 31, 2024, all 11 of our Franchised

Restaurants met this criteria. In Table 1, we display the average Gross Sales performance of the 11 Franchised Restaurants and of these, how many met or exceeded the stated average performance, as well as the median, and low and high range.

Table 1

Average Sales	Number exceeding Average	Percentage exceeding Average	Median	Low	High
\$3,424,595	3	27%	\$3,104,229	\$1,990,913	\$5,437,117

Table 2 is a subset of Table 1 and includes the unaudited average Gross Sales from the actual historical performance for the 2024 calendar year of our franchisees located in the Midwest (Michigan and Ohio) who have been open for at least 12 months as of December 31, 2024. Financial results of our affiliate, Fountain Square Restaurant Holdings, Inc., which operates a substantially similar business to the business being franchised are not included in Table 2. Since we measured only those Franchised Restaurants that completed 12 months of operation as of December 31, 2024 in the Midwest, 8 of our Franchised Restaurants met this criteria. In Table 2, we display the average Gross Sales performance of the 8 Franchised Restaurants and of these, how many met or exceeded the stated average performance, as well as the median, and low and high range.

Table 2

Average Sales	Number exceeding Average	Percentage exceeding Average	Median	Low	High
\$3,605,188	3	38%	\$3,137,107	\$1,990,913	\$5,437,117

Table 3 is a subset of Table 1 and includes the unaudited average Gross Sales from the actual historical performance for the 2024 calendar year of our franchisees not located in the Midwest (Michigan and Ohio) who have been open for at least 12 months as of December 31, 2024. Financial results of our affiliate, Fountain Square Restaurant Holdings, Inc., which operates a substantially similar business to the business being franchised are not included in Table 3. Since we measured only those Franchised Restaurants that completed 12 months of operation as of December 31, 2024 not located in the Midwest (Michigan and Ohio), 3 of our Franchised Restaurants met this criteria. In Table 3, we display the average Gross Sales performance of the 32 Franchised Restaurants and of these, how many met or exceeded the stated average performance, as well as the median, and low and high range.

Table 3

Average Sales	Number exceeding Average	Percentage exceeding Average	Median	Low	High
\$2,943,014	2	66.7%	\$3,040,965	\$2,515,724	\$3,272,354

The following Financial Performance Representation shown in Table 4 are unaudited average Food Costs derived from the actual historical performance for the 2024 calendar year of all of our franchisees who have been open for at least 12 months as of December 31, 2024. Financial results of our affiliate, Fountain Square Restaurant Holdings, Inc., which operates a substantially similar business to the business being franchised are not included in Table 4. Since we measured only those Franchised Restaurants that completed 12 months of operation as of December 31, 2024, all 11 of our Franchised Restaurants met this criteria. In Table 4, we display the average performance of the 11 Franchised Restaurants and of these, how many met or exceeded the stated average Food Costs performance, as well as the median, and low and

high range. Food Costs include all food and non-alcoholic beverage inventory from Sysco and our approved produce suppliers, from whom we have derived the data to develop this financial performance representation.

Table 4

Average Food Costs	Number exceeding Average (Less than average percentage)	Percentage exceeding Average	Median	Low	High
38%	5	45%	38%	30%	44%

The following Financial Performance Representation shown in Table 5 are unaudited Gross Sales and Food Costs derived from the actual historical performance for the 2024 calendar year of our affiliate, Fountain Square Restaurant Holdings, Inc., which operates a substantially similar business to the business being franchised for the calendar year 2024. Food Costs include all food and beverage inventory, including alcoholic liquor inventory costs.

Table 5

Gross Sales	Food Costs
\$3,931,056	41%

For Tables 1, 2, 3 and 5, “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 as derived from the Approved Point of Sale System. Gross Sales expressly excludes taxes collected from customers and paid to the appropriate taxing authority and customer refunds or adjustments.

We expect that franchised Restaurants will offer the same products and services as these Restaurants offer. You should conduct an independent investigation of the costs and expenses you will incur in operating a Restaurant.

We will provide written substantiation for the data we used to prepare this financial performance representation upon your reasonable request.

The primary difference between the results shown in Table 5 and the results shown in Tables 1, 2, and 3 is that the franchised Restaurant will need to account for royalty payments and contributions to the Brand Development Fund, which our affiliate does not pay. While the chief operating costs, for example, cost of goods sold, labor costs (employee wages, workers’ compensation and insurance) and leasehold expenses, tend to be within certain ranges, even these factors can vary depending upon the specific market and location.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.

Other than the preceding financial performance representations, Sizzling Black Rock Steak House Franchising, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Lonny Morganroth at 30553 S Wixom Rd. Suite 300, Wixom, Michigan 48393 and (844) 755–ROCK, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 - 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	15	15	0
	2023	15	14	-1
	2024	14	11	-3
Company-Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	16	16	0
	2023	16	15	-1
	2024	15	12	-3

*The Company-Owned Outlet reflected in the chart above is owned and operated by our affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 - 2024

State	Year	Number of Transfers
Florida	2022	1
	2023	1
	2023	0
Michigan	2022	0
	2023	0
	2024	2
Ohio	2022	0
	2023	1
	2023	0
Total	2022	1
	2023	2
	2024	2

Table No. 3
Status of Franchised Outlets
For years 2022 - 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	2	3
	2024	3	0	0	0	0	1	2
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	2	6
Ohio	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	15	0	0	0	0	0	15
	2023	15	1	0	0	0	2	14
	2024	14	0	0	0	0	3	11

Table No. 4
Status of Company-Owned Outlets*
For years 2022 - 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Michigan	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

*The Company-Owned Outlet reflected in the chart above is owned and operated by our affiliate.

Table No. 5
Projected Openings as of December 31, 2024

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	0	0
Indiana	0	0	0
Michigan	0	0	1
Total	0	0	0

A list of the names of all franchisees and multi-unit operators and the addresses and telephone numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit operator who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit D to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Black Rock Bar & Grill System.

There are no trademark-specific organizations formed by our franchisees that are associated with Black Rock Bar & Grill System.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financials as of December 31, 2022, December 31, 2023, and December 31, 2024.

Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

- | | | |
|----|--|--------------|
| 1. | Franchise Agreement | Exhibit B |
| a. | Accepted Location and Designated Territory | Attachment 1 |
| b. | Collateral Assignment of Lease | Attachment 2 |
| c. | Owner's Guaranty and Assumption of Obligations | Attachment 4 |
| d. | Confidentiality and Non-Competition Agreement | Attachment 5 |
| f. | Authorization Agreement for Automatic Deposits | Attachment 6 |

- | | | |
|----|--|--------------|
| g. | Internet Advertising, Social Media,
and Telephone Account Agreement | Attachment 7 |
| h. | Americans with Disability Act Certification | Attachment 8 |
| 2. | Multi-Unit Operator Agreement | Exhibit C |
| a. | Certification by Multi-Unit Operator | Attachment 1 |
| b. | Minimum Performance Schedule
and Reservation Fee | Attachment 2 |
| c. | Exclusive Area | Attachment 3 |
| 3. | Form of General Release | Exhibit H |

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document as Exhibit I. Please return one signed copy to us and retain the other for your records.

**Exhibit A to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

FINANCIAL STATEMENTS

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Consent or Form.

SIZZLING BLACK ROCK STEAKHOUSE FRANCHISING, INC.
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STOCKHOLDERS' EQUITY - CASH BASIS 2

STATEMENT OF REVENUES, EXPENSES AND
STOCKHOLDERS' EQUITY - CASH BASIS 3



To the Members
SIZZLING BLACK ROCK STEAKHOUSE FRANCHISING, INC.
Wixom, Michigan

Management is responsible for the accompanying financial statements of

SIZZLING BLACK ROCK STEAKHOUSE FRANCHISING, INC.

which comprise the statement of assets, liabilities, and stockholders' equity - cash basis as of May 31, 2025, and related statement of revenues, expenses, and stockholders' equity - cash basis for the five months then ended, and for determining that the cash basis of accounting is an acceptable reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.


Michael Mony, C.P.A., P.C.
Certified Public Accountant

July 9, 2025

SIZZLING BLACK ROCK STEAKHOUSE FRANCHISING, INC.
BALANCE SHEET
MAY 31, 2025

ASSETS

CURRENT ASSETS

Cash	\$	<u>244,077</u>	
Total Current Assets			\$ <u>244,077</u>

TOTAL ASSETS			\$ <u><u>244,077</u></u>
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LIABILITIES and STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Note Payable - EIDL	\$	141,959	
Accounts Payable		<u>10,829</u>	
Total Current Liabilities			\$ 152,788

LONG-TERM LIABILITIES

STOCKHOLDERS' EQUITY

Common Stock	\$	100	
60,000 Shares Authorized; \$1 Par Value;			
100 Shares Issued and Outstanding			
Retained Earnings		<u>91,189</u>	
Total Stockholders' Equity			<u>91,289</u>

TOTAL LIABILITIES and STOCKHOLDERS' EQUITY			\$ <u><u>244,077</u></u>
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See Accompanying Accountant's Compilation Report

SIZZLING BLACK ROCK STEAKHOUSE FRANCHISING, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED MAY 31, 2025

	5 Months Ended May 31, 2025
INCOME	<u>\$ 1,674,858</u>
OPERATING EXPENSES	
Interest	\$ 2,491
Management Fees	1,582,553
Office Supplies	354
Professional Fees	<u>13,800</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,599,198</u>
NET INCOME	\$ 75,660
Retained Earnings - Beginning	<u>15,529</u>
RETAINED EARNINGS - ENDING	<u><u>\$ 91,189</u></u>

See Accompanying Accountant's Compilation Report

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Financial Statements

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

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Independent Auditors' Report

To the Stockholders of
Sizzling Black Rock Steak
House Franchising, Inc.
Hartland, Michigan

Opinion

We have audited the financial statements of Sizzling Black Rock Steak House Franchising, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sizzling Black Rock Steak House Franchising, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sizzling Black Rock Steak House Franchising, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sizzling Black Rock Steak House Franchising, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

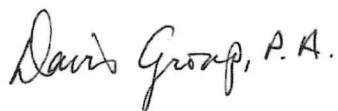
Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sizzling Black Rock Steak House Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sizzling Black Rock Steak House Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Davis Group, P.A.
Orlando, Florida
April 30, 2025

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Balance Sheets

December 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash	\$ 190,643	\$ 12,165
Accounts receivable	110,947	307,982
Prepaid fees to Area Representatives	9,167	9,167
Total current assets	310,757	329,314
Accounts receivable, noncurrent	46,875	65,625
Prepaid fees to Area Representatives, noncurrent	51,666	60,833
Total assets	\$ 409,298	\$ 455,772
 <u>Liabilities and Stockholders' Equity (Deficit)</u>		
Current liabilities:		
Accounts payable	\$ 23,576	\$ 56,848
Advances from related party	142,991	164,866
Deferred revenue - brand development fees	31,891	10,314
Deferred revenue - franchise sales and area development arrangement	24,208	24,208
Loan payable - current portion	3,359	3,218
Total current liabilities	226,025	259,454
Deferred revenue - franchise sales and area development arrangement	139,133	163,341
Loan payable	139,764	144,039
Total liabilities	504,922	566,834
Stockholders' equity (deficit):		
Common stock at \$1 par, 60,000 shares authorized, 100 shares issued and outstanding	100	100
Retained earnings (deficit)	(95,724)	(111,162)
Total stockholders' equity (deficit)	(95,624)	(111,062)
Total liabilities and stockholders' equity	\$ 409,298	\$ 455,772

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statements of Operations

For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Franchise fees, net of commissions	\$ 1,781,213	\$ 2,243,711
Rebates	1,133,340	1,352,937
Brand development fees	435,097	587,024
Franchise sales and termination fees	<u>24,208</u>	<u>240,285</u>
Total revenues	<u>3,373,858</u>	<u>4,423,957</u>
Expenses:		
Management fees	2,705,918	3,128,752
Advertising	417,667	627,668
Rebates paid to Franchisees and Area Representatives	198,513	446,254
Commissions paid to Area Representatives	9,167	32,778
Professional fees	13,050	8,300
Other general and administrative	<u>857</u>	<u>1,035</u>
Total expenses	<u>3,346,472</u>	<u>4,244,787</u>
Other expense -		
Interest expense	<u>11,948</u>	<u>5,904</u>
Net income	<u>\$ 15,438</u>	<u>\$ 173,266</u>

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statement of Changes in Stockholders' Equity (Deficit)

For the years ended December 31, 2024 and 2023

	<u>Common Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, December 31, 2022	\$ 100	\$ (284,428)	\$ (284,328)
Net income	<u>-</u>	<u>173,266</u>	<u>173,266</u>
Balance, December 31, 2023	100	(111,162)	(111,062)
Net income	<u>-</u>	<u>15,438</u>	<u>15,438</u>
Balance, December 31, 2024	<u>\$ 100</u>	<u>\$ (95,724)</u>	<u>\$ (95,624)</u>

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income	\$ 15,438	\$ 173,266
Adjustments to reconcile net income to net cash provided by (used in) operating activities -		
Increases (decreases) in cash due to changes in:		
Accounts receivable	215,785	(240,138)
Prepaid fees to Area Representatives	9,167	32,778
Accounts payable	(33,272)	37,679
Deferred revenue - brand development fees	21,577	(3,825)
Deferred revenue - franchise sales and area development arrangements	<u>(24,208)</u>	<u>(45,285)</u>
Net cash provided by (used in) operating activities	<u>204,487</u>	<u>(45,525)</u>
Cash flows from financing activities:		
(Repayments to) Advances from related parties	(21,875)	5,904
Small Business Administration loan payments	<u>(4,134)</u>	<u>(2,712)</u>
Net cash (used in) provided by financing activities	<u>(26,009)</u>	<u>3,192</u>
Net increase (decrease) in cash	178,478	(42,333)
Cash, beginning of period	<u>12,165</u>	<u>54,498</u>
Cash, end of period	<u>\$ 190,643</u>	<u>\$ 12,165</u>

See accompanying notes to financial statements.

SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(1) Description of Business

Sizzling Black Rock Steak House Franchising, Inc. (the Company) is a Michigan S-corporation organized and incorporated on April 17, 2014. The Company is the exclusive franchisor of The Black Rock Bar & Grill restaurant concept. The Black Rock Bar & Grill is an energetic bar and upscale casual dining experience which includes using a volcanic rock cooking concept. Franchises are sold in restricted geographical territories. The Company has prepared its Franchise Disclosure Document as required by the United States Federal Trade Commission, and has registered or will register in those states where required in order to legally sell their franchises. It is currently the Company's plan to offer franchises for sale in those states where demographics of the population represent a demand for the services. The total number of states wherein the Company may ultimately register has not yet been determined.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America.

(b) Revenue Recognition

The Company's revenues consist of fees from franchised restaurants, fees from Area Representative Agreements (ARAs) and rebates from vendors. Revenues from franchised restaurants include royalties based on a percent of sales, brand development fees and initial fees.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard also does not change the recognition of royalties from restaurants operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. Initial franchise fees and fees from ARAs have been recognized as the Company satisfies the performance obligation over term of the agreement. When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in franchise sales and termination fees on the statements of operations.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(2) Summary of Significant Accounting Policies, Continued

(c) *Accounts Receivable*

Accounts receivable consists of amounts due from franchises for royalty and brand development fees, which are based on a percentage of the franchises' gross sales, and amounts due from vendors for rebates. The Company closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. Accounting principles generally accepted in the United States of America require that the credit loss allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the credit loss allowance method. There was no allowance for doubtful accounts recorded at December 31, 2024 and 2023.

(d) *Property and Equipment*

The Company utilizes office space and various property and equipment owned by and used in common with an entity owned by its stockholders. Such assets include office furniture, computer equipment and a phone system.

(e) *Deferred Revenue*

Deferred revenue consists of brand development fees received or due from franchises for future advertising expenditures. The Company recognizes these fees as revenue when the revenue recognition criteria are met.

(f) *Advertising*

The Company expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2024 and 2023 totaled \$417,667 and \$627,668, respectively.

(g) *Income Taxes*

As an S-corporation, the Company does not pay federal corporate income tax on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective share of the Company's taxable income. Therefore, no expense or benefit for federal income taxes has been included in the accompanying financial statements. The Company follows the guidance under FASB Accounting Standards Codification (ASC) 740-10, this pronouncement seeks to reduce the diversity in

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(2) Summary of Significant Accounting Policies, Continued

(g) Income Taxes, Continued

practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. This pronouncement is applicable to pass-through entities, such as S-corporations, which are potentially subject to income taxes.

The Company assesses its income tax positions, including its continuing tax status as a corporation, based on management’s evaluation of the facts, circumstances and information available at the reporting date. The Company uses the prescribed more likely than not threshold when making its assessment. At adoption, the Company did not record any cumulative effect adjustment, and the Company did not accrue any interest expense or penalties related to tax positions. There are no open Federal or state tax years under audit.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Related Party Transactions

During the years ended December 31, 2024 and 2023, the Company paid management fees totaling \$2,705,918 and \$3,128,752, respectively, to an affiliate owned by the stockholders of the Company under a verbal agreement. Payment amounts are discretionary.

The Company received advances from an affiliate owned by the stockholders of the Company. The advances at December 31, 2024 and 2023 totaled \$142,991 and \$164,866, respectively. The advances bear no interest, have no repayment terms, and are to be paid out of the Company’s cash flow from operations.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(4) Loan Payable

On June 18, 2020, the Company received a loan from U.S. Small Business Administration (SBA) for \$150,000. Installment payments, including principal and interest, of \$731 monthly, will begin twelve (12) months from the initial date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 3.75% per annum and will accrue only on funds actually advanced. Balance at December 31, 2024 is \$143,123.

Principal payments on note payables are due as follows:

2025	\$	3,359
2026		3,489
2027		3,624
2028		3,749
2029		3,909
Thereafter		124,993
	\$	<u>143,123</u>

(5) Subsequent Events

Events that occur after the balance sheet date but before the financial statements are issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 30, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

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Independent Auditors' Report

To the Stockholders of
Sizzling Black Rock Steak
House Franchising, Inc.
Hartland, Michigan

Opinion

We have audited the financial statements of Sizzling Black Rock Steak House Franchising, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sizzling Black Rock Steak House Franchising, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sizzling Black Rock Steak House Franchising, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sizzling Black Rock Steak House Franchising, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sizzling Black Rock Steak House Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sizzling Black Rock Steak House Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Davis Group, P.A.".

Davis Group, P.A.
Orlando, Florida
May 30, 2024

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Balance Sheets

December 31, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 12,165	\$ 54,498
Accounts receivable	307,982	133,469
Prepaid fees to Area Representatives	9,167	10,556
Total current assets	329,314	198,523
Accounts receivable, noncurrent	65,625	-
Prepaid fees to Area Representatives, noncurrent	60,833	92,222
Total assets	<u>\$ 455,772</u>	<u>\$ 290,745</u>
 <u>Liabilities and Stockholders' Equity (Deficit)</u>		
Current liabilities:		
Accounts payable	\$ 56,848	\$ 19,169
Advances from related party	164,866	158,962
Deferred revenue - brand development fees	10,314	14,139
Deferred revenue - franchise sales and area development arrangement	24,208	25,736
Loan payable - current portion	3,218	3,068
Total current liabilities	259,454	221,074
Deferred revenue - franchise sales and area development arrangement	163,341	207,098
Loan payable	144,039	146,901
Total liabilities	566,834	575,073
Stockholders' equity (deficit):		
Common stock at \$1 par, 60,000 shares authorized, 100 shares issued and outstanding	100	100
Retained earnings	(111,162)	(284,428)
Total stockholders' equity (deficit)	(111,062)	(284,328)
Total liabilities and stockholders' equity	<u>\$ 455,772</u>	<u>\$ 290,745</u>

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statements of Operations

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Franchise fees, net of commissions	\$ 2,243,711	\$ 2,144,838
Rebates	1,352,937	1,305,020
Brand development fees	587,024	576,146
Franchise sales and termination fees	240,285	25,736
Total revenues	<u>4,423,957</u>	<u>4,051,740</u>
Expenses:		
Management fees	3,128,752	3,079,618
Advertising	627,668	619,829
Rebates paid to Franchisees and Area Representatives	446,254	321,825
Commissions paid to Area Representatives	32,778	10,556
Professional fees	8,300	7,900
Other general and administrative	1,035	985
Total expenses	<u>4,244,787</u>	<u>4,040,713</u>
Other expense -		
Interest expense	<u>5,904</u>	<u>8,962</u>
Net income	<u>\$ 173,266</u>	<u>\$ 2,065</u>

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statement of Changes in Stockholders' Equity (Deficit)

For the years ended December 31, 2023 and 2022

	<u>Common Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, December 31, 2021	\$ 100	\$ (286,493)	\$ (286,393)
Net income	<u>-</u>	<u>2,065</u>	<u>2,065</u>
Balance, December 31, 2022	100	(284,428)	(284,328)
Net income	<u>-</u>	<u>173,266</u>	<u>173,266</u>
Balance, December 31, 2023	<u>\$ 100</u>	<u>\$ (111,162)</u>	<u>\$ (111,062)</u>

See accompanying notes to financial statements.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income	\$ 173,266	\$ 2,065
Adjustments to reconcile net income to net cash used in operating activities -		
Increases (decreases) in cash due to changes in:		
Accounts receivable	(240,138)	(7,026)
Prepaid fees to Area Representatives	32,778	(14,445)
Accounts payable	37,679	(19,648)
Deferred revenue - brand development fees	(3,825)	13,139
Deferred revenue - franchise sales and area development arrangements	(45,285)	24,264
Net cash used in operating activities	<u>(45,525)</u>	<u>(1,651)</u>
Cash flows from financing activities:		
Advances from related parties	5,904	8,962
(Payments to) Advances from Small Business Administration loan	<u>(2,712)</u>	<u>1,496</u>
Net cash provided by financing activities	<u>3,192</u>	<u>10,458</u>
Net (decrease) increase in cash	(42,333)	8,807
Cash, beginning of period	<u>54,498</u>	<u>45,691</u>
Cash, end of period	<u>\$ 12,165</u>	<u>\$ 54,498</u>

See accompanying notes to financial statements.

SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.

Notes to Financial Statements

December 31, 2023 and 2022

(1) Description of Business

Sizzling Black Rock Steak House Franchising, Inc. (the Company) is a Michigan S-corporation organized and incorporated on April 17, 2014. The Company is the exclusive franchisor of The Black Rock Bar & Grill restaurant concept. The Black Rock Bar & Grill is an energetic bar and upscale casual dining experience which includes using a volcanic rock cooking concept. Franchises are sold in restricted geographical territories. The Company has prepared its Franchise Disclosure Document as required by the United States Federal Trade Commission, and has registered or will register in those states where required in order to legally sell their franchises. It is currently the Company's plan to offer franchises for sale in those states where demographics of the population represent a demand for the services. The total number of states wherein the Company may ultimately register has not yet been determined.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America.

(b) Revenue Recognition

The Company's revenues consist of fees from franchised restaurants, fees from Area Representative Agreements (ARAs) and rebates from vendors. Revenues from franchised restaurants include royalties based on a percent of sales, brand development fees and initial fees.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard also does not change the recognition of royalties from restaurants operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. Initial franchise fees and fees from ARAs have been recognized as the Company satisfies the performance obligation over term of the agreement. When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in franchise sales and termination fees on the statements of operations.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2023 and 2022

(2) Summary of Significant Accounting Policies, Continued

(c) *Accounts Receivable*

Accounts receivable consists of amounts due from franchises for royalty and brand development fees, which are based on a percentage of the franchises' gross sales, and amounts due from vendors for rebates. The Company closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. Accounting principles generally accepted in the United States of America require that the credit loss allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the credit loss allowance method. There was no allowance for doubtful accounts recorded at December 31, 2023 and 2022.

(d) *Property and Equipment*

The Company utilizes office space and various property and equipment owned by and used in common with an entity owned by its stockholders. Such assets include office furniture, computer equipment and a phone system.

(e) *Deferred Revenue*

Deferred revenue consists of brand development fees received or due from franchises for future advertising expenditures. The Company recognizes these fees as revenue when the revenue recognition criteria are met.

(f) *Advertising*

The Company expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2023 and 2022 totaled \$627,668 and \$619,829, respectively.

(g) *Income Taxes*

As an S-corporation, the Company does not pay federal corporate income tax on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective share of the Company's taxable income. Therefore, no expense or benefit for federal income taxes has been included in the accompanying financial statements. The Company follows the guidance under FASB Accounting Standards Codification (ASC) 740-10, this pronouncement seeks to reduce the diversity in

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2023 and 2022

(2) Summary of Significant Accounting Policies, Continued

(g) Income Taxes, Continued

practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. This pronouncement is applicable to pass-through entities, such as S-corporations, which are potentially subject to income taxes.

The Company assesses its income tax positions, including its continuing tax status as a corporation, based on management’s evaluation of the facts, circumstances and information available at the reporting date. The Company uses the prescribed more likely than not threshold when making its assessment. At adoption, the Company did not record any cumulative effect adjustment, and the Company did not accrue any interest expense or penalties related to tax positions. There are no open Federal or state tax years under audit.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Related Party Transactions

During the years ended December 31, 2023 and 2022, the Company paid management fees totaling \$3,128,752 and \$3,079,618, respectively, to an affiliate owned by the stockholders of the Company under a verbal agreement. Payment amounts are discretionary.

The Company received advances from an affiliate owned by the stockholders of the Company. The advances at December 31, 2023 and 2022 totaled \$164,866 and \$158,962, respectively. The advances bear no interest, have no repayment terms, and are to be paid out of the Company’s cash flow from operations.

**SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.**

Notes to Financial Statements

December 31, 2023 and 2022

(4) Loan Payable

On June 18, 2020, the Company received a loan from U.S. Small Business Administration (SBA) for \$150,000. Installment payments, including principal and interest, of \$731 monthly, will begin twelve (12) months from the initial date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 3.75% per annum and will accrue only on funds actually advanced. Balance at December 31, 2023 is \$147,257

Principal payments on note payables are due as follows:

2024	\$	3,218
2025		3,359
2026		3,489
2027		3,624
2028		3,749
Thereafter		<u>129,818</u>
	\$	<u><u>147,257</u></u>

(5) Subsequent Events

Events that occur after the balance sheet date but before the financial statements are issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Company through May 30, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Exhibit B to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

FRANCHISE AGREEMENT

SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.

FRANCHISE AGREEMENT

FRANCHISEE

DATE

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ATTACHMENTS

- 1 - Accepted Location and Designated Territory
- 2 - Collateral Assignment of Lease
- 3 - Statement of Ownership Interests
- 4 - Owners Guaranty and Assumption of Obligations
- 5 - Confidentiality, Non-Disclosure and Non-Competition Agreement
- 6 - Authorization Agreement for Automatic Deposit
- 7 - Internet Advertising, Social Media, Electronic Media, and Telephone Listing Agreement
- 8 - Americans with Disabilities Act Certification

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered this day _____ between SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC., a Michigan corporation having its principal address at 30553 S Wixom Road. Suite 300, Wixom, Michigan 48393 ("Franchisor", we, "us" or "our"); and _____, a _____, with its principal address at _____, and _____'s principals: _____, an individual residing at _____ and _____, an individual residing at _____ ("Principal(s)"). _____ and the Principal(s) shall be collectively referred to in this Agreement as the "Franchisee", "you" and "your".

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a full service restaurant operating under the name "Black Rock Bar & Grill" which offers Australia-style rock cooking where certain menu items are cooked on a hot volcanic rock at the customer's table, as well as a diverse menu offering steaks, seafood, pasta, burgers, pizza, soup, salads and beverages (including alcoholic beverages) on a dine-in and take-out basis ("Restaurant");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Black Rock Bar & Grill" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks");

WHEREAS, we and our affiliate continue to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance, and service;

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a Restaurant at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE 1 **GRANT**

1.1 Grant of Franchise

In reliance on the representations and warranties of you and your Principals (as defined in Section 19.17) hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Black Rock Bar & Grill Restaurant under the Marks and the System in accordance with this Agreement. The Restaurant operated by you pursuant to the terms and conditions of this Agreement shall be referred to herein as the “Franchised Business”. You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct the Franchised Business hereunder and not for the purpose of reselling the rights to develop the Franchised Business hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Franchised Business is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 16 hereof.

1.2 Accepted Location

The specific street address of the Franchised Business location accepted by us shall be set forth in Attachment 1 (“Location” or “Accepted Location”). You shall not relocate the Franchised Business without our express prior written consent. This Agreement does not grant to you the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any location other than the Accepted Location.

1.3 Relocation

If you are unable to continue the operation of the Franchised Business at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate the Franchised Business to another location in the Designated Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Designated Territory or a relocation of the Franchised Business not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Franchised Business, then you shall comply with the site selection and construction procedures set forth in Article 2.

1.4 Designated Territory

Upon the execution of this Agreement, you will be assigned an exclusive Designated Territory (the “Designated Territory”) that will also be described in Attachment 1. Except as provided in this Agreement, and subject to your and the Principals’ material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Restaurant in the Designated Territory during the Term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with the

Franchised Business. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location accepted by us.

1.5 Our Reserved Rights

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any products and services outside of your Designated Territory, including, without limitation, the right:

1.5.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Designated Territory, and under any terms and conditions we deem appropriate. “Alternative distribution channels” include, but are not limited to, the internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

1.5.2 to operate and to grant others the right to operate Restaurants located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to the Franchised Business;

1.5.3 to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Designated Territory under any terms and conditions we deem appropriate; and

1.5.4 the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Designated Territory.

As used in this Agreement, Non-Traditional Sites shall include, without limitation, military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof, and other mass gathering locations or events. You understand and acknowledge that if any Non-Traditional Site is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your protected Designated Territory and you will have no rights to this Non-Traditional Site.

ARTICLE 2

SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Business within the Designated Territory, and for constructing and equipping the Franchised Business at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Franchised Business is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Franchised Business operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 If you do not already have possession of a location that we have accepted upon your execution of this Agreement, then prior to acquiring by lease or purchase a site for the Franchised Business, but within sixty (60) days of the date this Agreement is executed, you shall locate a site for the Franchised Business that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Franchised Business. If you are unable to find a suitable location for the Franchised Business within sixty (60) days after you sign this Agreement, we may grant you additional time to locate a site or we may terminate this Agreement and refund Five Thousand Dollars (\$5,000) of the Initial Franchise Fee to you, as discussed in Section 4.1. At your request, we shall provide one (1) on-site evaluation of the proposed location for the Franchised Business. If you request that we provide you with additional location assistance and/or additional site evaluations, you shall reimburse us for our expenses, including, but not limited to, our then-current per diem fee and travel, lodging and meals expenses. No site may be used for the location of the Franchised Business unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for the Franchised Business is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that the Franchised Business will be profitable. Our acceptance of a location for the Franchised Business only signifies that the location meets our then-current minimum criteria for a Restaurant. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion.

2.2.2 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Franchised Business under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Franchised Business premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific approval of the lease, sublease or contract of sale within this ten (10) day period, then it shall be deemed declined. Additionally, our approval of a lease or sublease described above shall be conditioned upon such lease or sublease containing a provision which permits any interest of yours in the lease or sublease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

2.2.3 After a location for the Franchised Business is accepted by us and acquired by you pursuant to this Agreement the location shall be described in Attachment 1.

2.3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Franchised Business premises. Prior to beginning the construction of the Franchised Business, you shall (i) obtain all permits, licenses and certifications required for the lawful

construction or remodeling and operation of the Franchised Business, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect (or provide us with a certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Design of Franchised Business

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Franchised Business at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. You shall adapt the prototypical architectural and design plans and specifications for construction of the Franchised Business provided to you by us in accordance with Section 5.3 as necessary for the construction of the Franchised Business and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Franchised Business

You shall commence and diligently pursue construction or remodeling (as applicable) of the Franchised Business. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Franchised Business. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Franchised Business. You acknowledge and agree that you will not open the Franchised Business for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

2.6 Signage

All signage and decorating materials at the Franchised Business site must conform to our specifications. In particular, you must post a prominent sign in the Franchised Business identifying you as a franchisee in a format that we deem acceptable, including statements (1) that you independently own and operate the Franchised Business, (2) that the Marks are owned by us, and (3) that you use the Marks pursuant to a license that we have issued to you.

2.7 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Franchised Business and commence business within twelve (12) months after you execute this Agreement. The date the Franchised Business actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Franchised Business, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. In addition, before opening the Franchised Business, and before re-opening subsequent to any renovation to the Franchised Business, you shall execute a Certification in the form attached to this Agreement as Attachment 9 that certifies in writing to us that the Franchised Business, and/or any renovations, comply with the Americans with Disabilities Act. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. You may not open the Franchised Business until we have approved the Franchised Business for opening in writing.

Notwithstanding the foregoing, if you fail to open the Franchised Business within the timeframe required herein, subject to force majeure, you agree to pay to us a delayed opening fee in the amount of One Thousand Dollars (\$1,000) per month for each month that the Opening Date is delayed, up to a maximum of six (6) months. You understand and acknowledge that such fee shall be in addition to our other rights and remedies hereunder or at law. If the Franchised Business is not open and operating within eighteen (18) months after you execute this Agreement, we have the right, exercisable in our sole discretion, to terminate this Agreement without providing you with a refund or to permit you to continue paying the delayed opening fee described herein until the Franchised Business opens.

ARTICLE 3 **TERM AND RENEWAL**

3.1 Term

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the Effective Date, as defined in Article 23 and as stated on the signature page hereof, for a period of twenty (20) years (the "Initial Term").

3.2 Renewal

This Agreement shall automatically renew for one (1) additional term of twenty (20) years, provided the conditions set forth in this Section 3.2 are met ("Renewal Term"). The Initial Term and the Renewal Term shall be collectively referred to as the "Term."

3.2.1 You shall have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term you must be in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.

3.2.2 We shall, within six (6) months before the expiration of the Initial Term, provide you with any documents that you are required to execute for the Renewal Term, which documents may include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, and instruments and documents then customarily used by us in the granting of business franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a

further initial franchise fee, but will require payment of a renewal fee equal to fifty percent (50%) of our then-current initial franchise fee for a single unit franchise) (the “Renewal Franchise Documents”).

3.2.3 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement. You shall return the executed Renewal Franchise Documents to us, together with payment of our then-current renewal fee, by no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 18 and any other provisions that survive termination or expiration of this Agreement.

3.2.4 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect the Franchised Business to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Franchised Business in order to bring the Franchised Business up to our then-current image and standards for new Restaurants. We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents. This Agreement shall then expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 18 and any other provisions that survive termination or expiration of this Agreement.

3.3 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before the Renewal Term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the Renewal Term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us or our affiliates when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

3.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within the timeframe specified in Section 3.2.

ARTICLE 4

FEES

4.1 Initial Franchise Fee

4.1.1 You shall pay to us an initial franchise fee of Fifty Thousand Dollars (\$50,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party and is non-refundable. If you are unable to find a suitable location for the Franchised Business within sixty (60) days after this Agreement is executed, or if you or your General Manager is/are unable to complete the initial training program to our satisfaction (after having provided you an opportunity to designate a replacement General Manager), then we shall have the option, to be exercised in our discretion, to terminate this Agreement, in which event we shall refund to you the sum of Five Thousand Dollars

(\$5,000). The initial franchise fee is not refundable, in whole or in part, under any other circumstances. You agree to execute and deliver any documents that we require before receiving such refund, including, but not limited to, a general release and a confidentiality and non-competition agreement.

4.1.2 Notwithstanding the foregoing, if this Agreement is being executed for a Restaurant that is being developed pursuant to the terms of a Multi-Unit Operator Agreement between us and you (as the multi-unit operator), then the initial franchise fee payable for each Restaurant shall be Twenty-Five Thousand Dollars (\$25,000). The initial franchise fee payable pursuant to this Section 4.1.2 is fully earned upon receipt and is not refundable under any circumstances.

4.2 Royalty Fees

4.2.1 During the Term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing weekly royalty fee of four percent (4%) of Gross Sales (“Royalty Fee”). Such Royalty Fee shall be due and payable on Wednesday of each week based on the Gross Sales for the preceding week ending Sunday, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such Royalty Fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding week ending Sunday (“Royalty Report”) and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Royalty Report on the Monday of each week (or next business day if the Monday is not a business day) by modem or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. As stated herein, we have the right to poll your point of sale system directly to obtain such Gross Sales information, but this does not diminish your responsibility to provide us with the required Royalty Report.

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

4.2.4 If a state or local law in which the Franchised Business is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Franchised Business then we and you shall increase the percentage rate for calculating Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales.

4.3 Brand Development Fee

In addition to the Royalty Fee described in Section 4.2 above, you agree to pay to us a Brand Development Fee in an amount equal to up to two percent (2%) of the Franchised Business’s Gross Sales. We may revise the Brand Development Fund Fee upon thirty (30) days’ advance notice to you. Such amount shall be contributed to a Brand Development Fund maintained by us, as described in Section 8.3 below. The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee.

4.4 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account each week by electronic funds transfer (“EFT”) in the amount of the Royalty Fee, Brand Development Fee and any other payments, including without limitation, liquidated damages, fines,

penalties, or interest, due to us and/or our affiliates. If you do not report the Franchised Business's Gross Sales, we may debit your account for one hundred twenty percent (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 to us, once we have been able to determine the Franchised Business'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, we will credit the excess against the amount we otherwise would debit from your account during the following week. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

4.5 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the greater of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

4.6 Definition of Gross Sales

"Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, 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.

4.7 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 5 **OUR OBLIGATIONS**

We agree to provide the services described below with regard to the Franchised Business:

5.1 Site Selection Guidelines

We will provide our site selection guidelines and such site selection assistance as we may deem advisable.

5.2 Location Assistance; On-Site Evaluation

If you request that we provide you with assistance in locating a suitable site for the Franchised Business, or if you request that we conduct an on-site evaluation of your proposed site, you shall pay our then-current fee for providing such assistance or performing such evaluation, as well as the reasonable expenses incurred by us (or our designee) in connection with such assistance, including, without limitation, the costs of travel, lodging and meals. For any on-site evaluation requested by you, we shall not be required to conduct such evaluation until we receive all required information and materials concerning such site prepared pursuant to Article 2.

5.3 Design Plans

We will provide, on loan, one (1) set of prototypical architectural and design plans and specifications for a Restaurant. You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Franchised Business in accordance with Article 2.

5.4 Confidential Operations Manual

On loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the “Manuals”), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Restaurants in the System.

5.5 Visits and Evaluations

Visits to the Franchised Business and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

5.6 Advertising and Promotional Materials

We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Article 8.

5.7 Management and Operations Advice

Advice and written materials concerning techniques of managing and operating the Franchised Business from time to time developed by us, including new developments and improvements in Restaurant equipment, food products and the packaging and preparation thereof and menu items.

5.8 Products for Resale

From time to time and at our reasonable discretion, at a reasonable cost, make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

5.9 Approved Products and Approved Suppliers

A list of approved products and approved suppliers as described in Section 7.6 from time to time as we deem appropriate.

5.10 Initial Training Program

An initial training program for up to three (3) people, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

5.11 Opening Assistance

On-site opening assistance at the Franchised Business in accordance with the provisions of Section 6.4.2.

5.12 Brand Development Fund; Advertising Cooperatives

Establishment and administration of a brand development fund and/or advertising cooperatives in accordance with Article 8.

ARTICLE 6 **YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS**

6.1 Use Commercially Reasonable Efforts

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

6.2 Representations of Corporate Entity

If you are a corporation, limited liability company, or partnership, you and the Principals represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Franchised Business, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all Principals of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all Principals of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all Principals to us upon the occurrence of any change of ownership and otherwise make your list of Principals available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the Term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 You and each Principal who are not United States citizens will maintain an immigration status that allow the same to live and work in the United States during the Term of this Agreement.

6.2.10 You acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.9 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 General Manager

You shall designate and retain at all times a general manager (“General Manager”) who shall be the individual person to direct the operation and management of the Franchised Business. The General Manager shall be responsible for the daily operation of the Franchised Business and may be one of the Principals. The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

6.3.1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.3.2 The General Manager shall devote full time and best efforts to the supervision and management of the Franchised Business;

6.3.3 The General Manager shall be an individual acceptable to us; and

6.3.4 The General Manager shall satisfy the training requirements set forth in Section 6.4. If, during the Term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly (not later than seven (7) days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Franchised Business until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o) hereof.

6.4 Training

You agree that it is necessary to the continued operation of the System and the Franchised Business that your management personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.4.1 Not later than thirty (30) days prior to the Opening Date, up to three (3) people shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. Your initial trainees must include your General Manager, Kitchen Manager (“Kitchen Manager”), and Assistant Kitchen Manager (“Assistant Kitchen Manager”). If you request that we provide our initial training program to any additional trainees, you shall pay our then-current, per person training fee for each additional trainee.

We shall determine, in our reasonable discretion, whether a manager has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by any manager, or (c) if we in our reasonable business judgment, based upon the performance of the manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other management personnel. You shall be responsible for any and all expenses incurred by you, your General Manager and other management personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.

6.4.2 In connection with the opening of the Franchised Business, we shall provide you with one (1) of our representatives to provide on-site opening assistance and assist you and your managers to train your staff for up to seven (7) days around your Franchised Business opening. You agree to pay all expenses our representative incurs, including, without limitation, travel, lodging and meals expenses. If this Agreement is for your second (2nd) or later Restaurant, we reserve the right to not provide you with opening assistance.

6.4.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the Term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your management personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

6.4.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Franchised Business. Such training programs and seminars may be offered to you, your General Manager, or your other management personnel and we may designate that such training programs and seminars are mandatory for you, your General Manager, or other management personnel. We do not anticipate charging a fee for any refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

6.5 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Restaurant operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your General Manager, and/or your other management personnel. We do not anticipate charging a fee for the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.6 Hiring Practices

You alone are solely responsible for the acts and omissions of your employees and agents, including, without limitation, your General Managers. You alone are solely responsible for the terms and conditions of employment of your employees, including but not limited to, hiring, firing, setting hours for and supervising all of your employees and establishing employment policies applicable to your employees, and understand and agree that this Agreement does not impose any direct or indirect controls, or otherwise impinge on your sole discretion to make all employment-related decisions. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts employee or employment-related responsibility from you to us

6.7 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You will operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and Social Security taxes, trade name and advertising restrictions, building codes, and handicap access. In particular, and not in limitation of the foregoing, you shall comply with the Americans with Disabilities Act.

6.8 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder.

ARTICLE 7

FRANCHISE OPERATIONS

7.1 Compliance with Standards

You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Franchised Business.

7.2 Ongoing Periodic Advice and Consultation

We will, from time to time, to the extent we deem necessary, furnish you advice or consult with you on the operation of the Franchised Business in order to communicate new developments, techniques, and services. We will periodically, with such frequency as we determine in our sole discretion, send field consultants to the Franchised Business to consult with you in the development of your business and may conduct on-site inspections. Any guidance, suggestions, or advice provided to you in the course of such consultation shall be deemed suggestions only, and the decision to follow any guidance, suggestions, or advice will be made by you in your sole discretion. In particular, and not in limitation of the foregoing, you will be solely responsible for all policies and decisions concerning your employees and will consult with your own independent advisors with respect to those policies and decisions.

7.3 Hours of Operation

You will operate the Franchised Business during such days, night, and hours as may be designated by us from time to time. You acknowledge and agree that the hours of operation are integral to the value of the System and Marks, and any failure by you to operate during the designated hours of operation is detrimental to the System and Marks. You further acknowledge and agree that the day-to-day operational decisions relating to the opening and closing procedures of the Franchised Business, including any security, staffing, and other similar matters, shall be made solely by you.

7.4 Maintenance of Franchised Business

You shall maintain the Franchised Business in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Franchised Business or to provide the Franchised Business services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Franchised Business or its premises without our prior written approval, which shall not be unreasonably withheld.

7.5 Remodeling and Redecorating

To assure the continued success of the Franchised Business, you shall, upon our request, remodel and/or redecorate the Franchised Business premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Franchised Business to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or

redecorating more frequently than every five (5) years during the Term of this Agreement, except that if the Franchised Business is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Franchised Business premises as described herein.

7.6 Approved Suppliers

You shall comply with all of our written standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Franchised Business. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources and which may include us and/or our affiliates) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us. We do not deliver or install approved products.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so, together with payment of our then-current evaluation fee. You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING, WE AND OUR AFFILIATES MAKE NO WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS OR SERVICES SOLD BY OR THROUGH US OR OUR AFFILIATES, INCLUDING THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WE WILL NOT BE LIABLE FOR PERSONAL INJURY OR PROPERTY DAMAGE, LOSS OF PROFIT, OR OTHER INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF THE USE OR INABILITY TO USE THE PRODUCTS AND SERVICES SOLD BY OR THROUGH US OR OUR AFFILIATES OR FOR ANY DAMAGES (REGARDLESS OF THEIR NATURE) CAUSED BY OUR FAILURE TO FULFILL OUR RESPONSIBILITIES UNDER THIS AGREEMENT. OUR AND OUR AFFILIATES' SOLE LIABILITY FOR ANY WARRANTIES GRANTED IS TO REPAIR OR REPLACE, AT OUR OR OUR AFFILIATES' OPTION, ANY PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES THAT ARE NOT IN COMPLIANCE WITH THE WARRANTY. WE AND OUR AFFILIATES' LIABILITY RELATING TO PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES WILL IN NO EVENT EXCEED THE STATED SELLING PRICE OF THE PRODUCTS AND SERVICES TO YOU. ANY WARRANTIES GRANTED WILL BE VOID AND OF NO FORCE AND EFFECT WITH RESPECT TO ANY PRODUCTS THAT ARE DAMAGED AS A RESULT OF (A) NEGLIGENCE, ALTERATION OR ACCIDENT OR (B) IMPROPER USE, INCLUDING FAILURE TO FOLLOW OPERATING AND MAINTENANCE PROCEDURES SPECIFIED BY US AND OUR AFFILIATES.

We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment

be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

7.7 Operation of Franchised Business in Compliance with Our Standards

To ensure that the highest degree of quality and service is maintained, you shall operate the Franchised Business in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.7.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manuals or otherwise in writing.

7.7.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time.

7.7.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.7.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Business, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.7.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Business premises, without our prior written consent, any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications.

7.7.6 To grant us and our agents the right to enter upon the Franchised Business premises and any delivery/catering vehicle, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.7.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.7.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Franchised Business premises as specified in the Manuals, thereby permitting us to independently inspect and monitor electronically information concerning the Franchised Business, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain internet access and/or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and making it accessible to us at all times throughout the Term of this Agreement. We shall have independent access as provided herein at such times and in such manner as we shall from time to time specify.

7.7.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.7.10 To, at your expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as we may designate, from time to time, to enable the Franchised Business to accept such methods of payment from customers. You shall also accept debit cards, stored value gift cards or other non-cash payment systems specified by us to enable customers to purchase authorized products and services. You shall obtain all necessary hardware and/or software used in connection with these non-cash payment systems. At all times, you shall maintain credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, and electronic funds transfer systems (together, "Credit Card Vendors") that we designate as mandatory. The term Credit Card Vendors includes among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). You may not use any Credit Card Vendors that we have not approved in writing or for which we have revoked approval. We have the right to modify the requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke approval of any such service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third-party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved supplier to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You will be required to enter into a contractual relationship directly with an approved managed firewall supplier, if we so determine.

7.7.11 To sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Restaurant. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance

with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to us, other operators of Restaurants, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by us or other Restaurant operators. We reserve the right to alter the terms and conditions of any Gift Card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

7.7.12 To sell, offer to sell, or permit any other party to sell or offer to sell beer, wine, or any form of liquor (“Alcoholic Beverages”). You acknowledge and agree that Alcoholic Beverages are required products and you shall offer and sell Alcoholic Beverages at the Franchised Business, and you shall: (i) be solely responsible for complying with all with all laws and regulations relating to alcohol and alcohol service or preparation; (ii) comply with our standards, specifications and terms regarding the offer, sale, and presentation of Alcoholic Beverages as approved products; and (iii) obtain and maintain such additional insurance coverage as we may require pursuant to Article 12 of this Agreement.

7.8 Proprietary Products

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are Trade Secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties to this Agreement that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.9 Advertising and Promotional Materials

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

7.10 Complaints

You shall process and handle all consumer complaints connected with or relating to the Franchised Business and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Franchised Business or equipment located in the Franchised Business during the Term of this Agreement and for thirty (30) days after the expiration or earlier termination of this Agreement.

7.11 Assignment of Numbers and Listings

Franchisee shall execute such forms and documents included in Attachment 7 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee’s telephone numbers, listings, and passwords and administrator rights for all email and social media accounts and other electronic communication assets and media used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority,

pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing, usages, or electronic communication asset or media related to the Franchised Business.

7.12 Vehicles

We anticipate that your employees will use their personal vehicles to provide any catering or delivery services from the Franchised Business. We reserve the right to require you to have temporary signage placed on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.

7.13 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

7.14 Customer Surveys

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Franchised Business. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.15 Mystery Shopper Service

We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Restaurants. You agree that the Franchised Business will participate in such mystery shopper program, as prescribed and required by us, provided that Restaurants owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program.

7.16 Pricing

We may advise you in writing, from time to time and where permitted by applicable law, concerning the maximum prices which you should charge your customers for menu items, products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate or optimize profits. You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices.

7.17 On-Line Reservations

We reserve the right to require you to participate in an on-line reservation program when requested, whereby your customers are able to make advance reservations through the internet. You agree to pay any then-current fees to our approved supplier for participation in the on-line reservation program, and to comply with all rules and procedures applicable to such program.

ARTICLE 8

ADVERTISING AND PROMOTION

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Participation in Advertising

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

8.2 Local Advertising

In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of your expenditures for local advertising to a Cooperative as described in Section 8.4, you shall spend each month throughout the Term of this Agreement an amount equal to two percent (2%) of Gross Sales or Six Thousand Dollars (\$6,000), whichever amount is higher, on advertising and promotion of the Franchised Business in your Designated Territory, plus you shall spend the equivalent of one percent (1%) of retail cost each month for food promotions ("Local Advertising"). We reserve the right to determine which menu items must be included in your monthly food promotions.

Notwithstanding the foregoing, if the Franchised Business participates in a Cooperative, as described in Section 8.4 below, any amount you contribute to the Cooperative will count toward the advertising specific to the Franchised Business portion of your Local Advertising requirement. You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require. Any materials you wish to use in Local Advertising must be approved by us, as described in Section 8.5 below.

8.3 Brand Development Fund

We administer a Brand Development Fund for the purpose of supporting, preparing, managing, and advertising the System on a regional or national basis (the "Brand Development Fund") as provided in this Section 8.3. You agree to contribute to the Brand Development Fund as described in Section 4.3 above. You agree that the Brand Development Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We and our affiliates shall, with respect to Restaurants operated

by us, contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Brand Development Fund for our reasonable expenses in managing the Brand Development Fund.

8.3.2 You agree that the Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting social media, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; product research and development; public relations activities; employing advertising agencies to assist therein; menu and product development; development and maintenance of our website; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Brand Development Fund will be accounted for separately by us and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs for franchisees and the System. The Brand Development Fund and its earnings shall not otherwise inure to our benefit. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above.

8.3.3 A statement of the operations of the Brand Development Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year. Although the Brand Development Fund is intended to be of perpetual duration, we may terminate the Brand Development Fund in our sole discretion. The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for advertising or promotional purposes or returned to contributing Restaurants or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time. If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein.

8.3.6 Notwithstanding the foregoing, money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for the Franchised Business and use in Local Advertising, at your expense. The Brand Development Fund may also develop new menus and table tents for use by all Restaurants in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used.

8.3.7 THE BRAND DEVELOPMENT FUND IS ESTABLISHED AS A SEPARATE BANKING ACCOUNT AND MONIES RECEIVED FOR THE BRAND DEVELOPMENT FUND ARE ACCOUNTED FOR SEPARATELY FROM OUR OTHER FUNDS. THERE IS NO FIDUCIARY OR TRUST RELATIONSHIP CREATED BY OUR ADMINISTERING THE BRAND DEVELOPMENT FUND. WE MAY CAUSE THE BRAND DEVELOPMENT FUND TO BE INCORPORATED OR OPERATED THROUGH A SEPARATE ENTITY IF WE DEEM APPROPRIATE. WE ANTICIPATE ALL OF OUR FRANCHISEES WILL CONTRIBUTE TO THE BRAND DEVELOPMENT FUND, ALTHOUGH THERE IS NO PROHIBITION AGAINST US CHARGING HIGHER OR LOWER RATES FOR FUTURE FRANCHISEES. WE ALSO MAY FORGIVE, WAIVE, SETTLE, OR COMPROMISE CLAIMS BY OR AGAINST THE BRAND DEVELOPMENT FUND. WE MAY DEFER OR REDUCE A FRANCHISEE'S CONTRIBUTION BASED ON THE PECULIARITIES OF A PARTICULAR

TERRITORY OR CIRCUMSTANCE, EXISTING BUSINESS PRACTICES OR OTHER FACTORS THAT WE DEEM TO BE IMPORTANT TO THE OPERATION OF ANY RESTAURANT OR THE SYSTEM. IF WE TERMINATE THE BRAND DEVELOPMENT FUND, WE WILL DISTRIBUTE ALL UNUSED MONIES TO THE CONTRIBUTORS IN PROPORTION TO THEIR RESPECTIVE CONTRIBUTIONS DURING A PRE-DETERMINED PERIOD.

8.4 Cooperative Advertising Funds

We may, in our discretion, create a regional advertising cooperative (“Cooperative”) in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Designated Territory is located. In no event may the Franchised Business be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto not to exceed two percent (2%) of such member’s Gross Sales. You shall contribute such amounts at the times and in the manner as determined by majority vote of the Cooperative members. Any funds contributed to a Cooperative will be credited against your Local Advertising obligation; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

8.4.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

8.4.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members’ use in local advertising within the Cooperative’s area;

8.4.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

8.4.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

8.4.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

8.4.6 Cooperative may require its members to periodically contribute to it in such amounts as it determines, subject to the limit set forth in the first paragraph of this Section 8.4;

8.4.7 no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 8.4.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

8.4.8 if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

8.5 Conduct of Advertising; Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

8.6 Grand Opening Advertising

In addition to the ongoing advertising contributions set forth herein, you shall be required to spend a minimum of Ten Thousand Dollars (\$10,000) on a grand opening advertising campaign to advertise and promote the opening of the Franchised Business. The grand opening advertising campaign shall be conducted generally in the sixty (60) day period comprising thirty (30) days prior to and thirty (30) days following the Franchised Business's opening, or such other period of time as we may designate. All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Article 8. Your grand opening advertising campaign must include the giveaways and other promotions as we require.

8.7 Websites

We alone may establish, maintain, modify or discontinue all internet, World Wide Web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of the Franchised Business a "click through" subpage at our website for the promotion of the Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of the Franchised Business, you must routinely provide us with updated copy, photographs and news stories about the Franchised Business suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Restaurants – also be devoted in part to offering Black Rock Bar & Grill franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with the Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “Black Rock Bar & Grill” name or any name confusingly similar to the Marks.

You are not permitted to promote the Franchised Business or use any of the Marks in any manner on any social or networking websites, including but not limited to, Facebook, FourSquare, Instagram, Snapchat, Tik Tok, LinkedIn, X (f/k/a Twitter), or any other social media platform now existing or created in the future, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in the Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks, including, without limitation, Facebook, X, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, TikTok, Threads, and all other social media platforms now existing or later created, professional networks like LinkedIn, live-blogging tools, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

8.8 Advisory Councils

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Restaurants, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

ARTICLE 9 **MARKS**

9.1 Use of Marks

We grant you the right to use the Marks during the Term of this Agreement in accordance with the System and related standards and specifications.

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in the Marks shall be deemed to include the owner's right, title and interest in the Marks.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Franchised Business and only at or from the Accepted Location or in approved advertising related to the Franchised Business.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 You acknowledges that each and every detail of the design, layout, decor, color scheme, supplies utilized, services offered, appearance of the premises, and personnel of the Franchised Business and other elements of trade dress ("Trade Dress") is essential to us and the System. In order to protect the System, you shall comply with all mandatory specifications, standards and procedures relating to (1) the type and quality of the products and services offered by the Franchised Business; (2) the appearance, color, indicia, and signage of the Franchised Business premises; (3) appearance of employees; (4) cleanliness, standards of services, and operation of the Franchised Business; (5) submission of requests for approval of materials, supplies, distributors, and suppliers; and (6) customer safety procedures and programs prescribed by us. You also agree to use all equipment, signage, and services as have been approved for the System from time to time by us. Mandatory specifications, standards, and procedures may be prescribed from time to time by Franchisor in the Manuals, or otherwise communicated to you in writing.

9.2.8 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary Marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to

reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

9.3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Franchised Business only under the name “Black Rock Bar & Grill” without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name, and shall obtain our approval of a trade name or “d/b/a” prior to filing it with the applicable state authority.

9.3.2 During the Term of this Agreement, you shall identify yourself as the independent owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, job postings and applications, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business or any delivery vehicle as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

ARTICLE 10

CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manuals

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as Trade Secret and Confidential Information in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Franchised Business. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manuals that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.

10.2 Confidential Information

10.2.1 We claim proprietary rights in our Trade Secrets, Confidential Information, and the knowledge or know-how concerning the methods of operation of the Franchised Business. Neither you nor any Principal shall, during the Term of this Agreement, or following the expiration or termination of this Agreement, communicate, divulge, or use any Confidential Information, Trade Secrets, or knowledge

or know-how concerning the methods of operation of the Franchised Business, which may be communicated to them or of which they may be apprised in connection with the operation of the Franchised Business, for their own benefit (except in connection with the operation of the Franchised Business during the Term of this Agreement) or for the benefit of any other person, persons, partnership, association, corporation, or any other entity. During the Term of this Agreement, you and the Principals shall divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Franchised Business. Any and all information, Trade Secrets, knowledge, know-how, techniques, and any materials used in or related to the Franchised Business or the System which we provide to you or you obtain through operation of the Franchised Business, including but not limited to, the Manual, training methods, operations methods, advertising, information regarding the identities and business transactions of customers and suppliers, Customer Personal Data, sources of supply, computer software and similar technology that has been or may be developed by or for Franchisor or its agents, knowledge of the operations results and financial performance of Restaurants, plans and specifications, marketing information and strategies, site evaluation, selection guidelines and techniques, food preparation, recipes, preparation of any items using the “cook-on-stone” concept recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement (the “Confidential Information”). For the purposes of this Agreement, “Trade Secret” shall mean information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, recipes, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Franchised Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce the Confidential Information or Trade Secrets, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination, or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager and all other of your personnel and third parties who have received or will have access to Confidential Information. Such covenants shall be substantially in the form set forth in Attachment 5.

10.2.3 If you, the Principals, the General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, Trade Secrets, and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, Trade Secrets, and Confidential Information provide a competitive advantage and will be valuable to you and them in the development and operation of the Franchised Business, and that gaining access to such specialized training, Trade Secrets, and Confidential Information is, therefore, a primary

reason why you and they are entering into this Agreement. In consideration for such specialized training, Trade Secrets, and Confidential Information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that, during the Term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other entity:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist, be employed by, or make loans to, any business that is of a character and concept similar to the Restaurant, including, but not limited to a food service business that offers and sells the same or substantially similar food products, or that does any kind of table side cooking which includes the use of the “cook-on-stone” concept, or any business that offers more than 20% of its menu items as steaks (a “Competitive Business”), without our prior written consent.

10.3.2 You and the Principals covenant that, for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other person or entity:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist, or make loans to any Competitive Business, which business is, or is intended to be, located within a twenty-five (25) mile radius of the location of the Approved Location or any Restaurant.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the

Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(b) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 5. All of your Principals must execute such covenants. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 5 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

You and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Section. You and the Principals agree to pay all court costs and actual attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section. You will not be held criminally or civilly liable under any federal or state trade secrets law for disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal.

ARTICLE 11 **BOOKS AND RECORDS**

11.1 Books and Records

You shall maintain during the Term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Reports

In addition to the Royalty Report required by Article 4 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a reports of Gross Sales and a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the Term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the Term hereof, showing the results of your operations during such fiscal year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Franchised Business. You shall make such books and records available to us or our designees immediately upon request. If any required Royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or Royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Franchised Business. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

11.6 We are Attorney-in-Fact

Notwithstanding any forms and documents which may have been executed by you under Section 7.10, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the

sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE 12 **INSURANCE**

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the Term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the Term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (b) liquor liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (c) worker's compensation with limits required by applicable state law, but not less than Five Hundred Thousand Dollars (\$500,000); (d) any insurance required by the terms of lease (or mortgage) for the Franchised Business; (e) cyber security liability insurance; (f) employment practices liability insurance with limits of liability as provided in the Manual; and (g) any other insurance we may require in the future.

12.3 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement.

12.4 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.5 Not later than thirty (30) days prior to the Opening Date, and thereafter within thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.6 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.7 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.8 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Franchised Business, and you agree to comply with any such changes, at your expense.

ARTICLE 13 **DEBTS AND TAXES**

13.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term “Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

13.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to your liability for Taxes assessed or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

You 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 Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, 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 Franchised Business.

ARTICLE 14 **TRANSFER OF INTEREST**

14.1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, and/or our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Sizzling Black Rock Steak House Franchising, Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

14.2 Transfer by You

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal, nor any successor or assignee of you or any Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, license, devise, bequest, distribute to a trust beneficiary, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business and/or any of the Franchised Business’s material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Franchised Business, any of the Franchised Business’s material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Principal that is an entity, then in each such case (any or all of which are referred to in this Article 14 as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation, limited liability company, or a partnership, transferee's shareholders, members, managers, partners or other investors, as applicable, shall execute such agreement personally, in addition to signing as transferee's principals, thereby personally guarantying the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current Royalty Fee and Brand Development Fee; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Franchised Business and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Franchised Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's general manager and/or any other applicable management personnel shall complete any training programs then in

effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee equal to fifty percent (50%) of the sum of our then-current initial franchise fee for a single unit franchise to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound personally by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer; and

(l) You and the Principals shall personally guarantee the transferee's performance of its respective transfer obligations.

14.2.3 You shall not grant a security interest in the Franchised Business or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to a Corporation or Limited Liability Company

In the event the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation or limited liability company formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right to Purchase Business

14.4.1 If you wish to transfer all or part of your interest in the Franchised Business or this Agreement or if you or a Principal wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements

of Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the “Offer Terms”). In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Franchised Business (including lease and contract rights and other assets of you and your affiliates used in connection with the Franchised Business, excluding the assets of your benefit plans) (collectively, the “Restaurant Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 18.11.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.11.1) of any assets included in the Restricted Transfer that are not related to the Franchised Business. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein

provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Franchised Business or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death or Disability

14.5.1 Upon your death (if you are a natural person) or upon the death of any Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 14 within six (6) months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business to our required standards, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

14.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

14.7 Our Right to Buy Back

14.7.1 At our election, at any time during the Term (but not in the event of expiration or termination by us for cause, in which case we will have the right to purchase your Franchised Business's assets in the manner described in Section 18.12), we will have the right (but not the obligation) to purchase the Franchised Business, which may include, but not be limited to, all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business (collectively, the "Restaurant Assets"), as well as the franchise granted under this Agreement. Our option shall be exercisable by providing you with ninety (90) days' written notice of our intention to exercise the option. You must sign all documents relating to the assignment and transfer as are reasonably necessary for purchase of the Franchised Business or the Restaurant Assets by us. The purchase price will be established by, and subject to, the following terms:

(a) If the Franchised Business has been open and in operation for less than one (1) year, the purchase price will be an amount equal to two hundred percent (200%) of the cumulative cost to you for all of the Restaurant Assets.

(b) If the Franchised Business has been open and in operation for one (1) year or longer, the purchase price will be an amount equal to four (4) times the Franchised Business's EBITDA. "EBITDA" means, in respect of the twelve (12) month period immediately preceding our notice hereunder, the Franchised Business's earnings before interest on borrowed money, income tax, depreciation and amortization, as determined in accordance with U.S. generally accepted accounting principles (commonly referred to as "GAAP").

(c) If we elect to exercise our option to purchase the Franchised Business, we will have the right to set off all amounts due from you under this Agreement or any other agreements between the parties, and the cost of the appraisal, if any, against any payment to you.

You understand that this may be a premium price above fair market value and does not vest any rights in you.

The time for closing of the purchase and sale of the Franchised Business as described in this Section 14.8 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date.

14.7.2 EBITDA shall be calculated based on the Franchised Business's net reported earnings as reported on your most recent income statement or balance sheet covering the preceding twelve (12) month period, plus, to the extent deducted in determining such net income and without duplication: (i) your interest expenses on borrowed money for such period; (ii) your current income taxes for such period; (iii) depreciation of the Restaurant Assets for such period; and (iv) amortization of the Franchised Business for such period.

We reserve the right to adjust EBITDA for any expenses which we determine, in our discretion acting reasonably, are not customary or ordinary for the operation of a Restaurant, including, if

you are a party to a multi-unit operator agreement for the operation of more than one Restaurant, expenses related to back office support, administration, bookkeeping and area supervision.

ARTICLE 15

INDEMNIFICATION

15.1 Indemnification by You

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our affiliates, our successors and assigns, their respective partners and affiliates and the officers, directors, members, managers, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them and us (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4.2 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;

15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any multi-unit operator or franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

15.3 We May Settle

In order to protect persons or property, our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive. It is intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason. If we incur any cost, loss of damages as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

15.7 Survival of Terms

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE 16

RELATIONSHIP OF THE PARTIES

16.1 Independent Contractor

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees or to indirectly or directly control the terms and conditions of employment of your employees.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements, including without limitation employment decisions and employees' terms and conditions of employment, of the Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of the Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Franchised Business.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over the Franchised Business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business.

16.2 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest, and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed, or co-employed by us. You further affirm and attest that each of your employees is under the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone: hire each of your employees; set their schedules; establish their compensation rates; and, pay all salaries, benefits, and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, which has no such authority or ability. You

further attest and affirm that any employment qualifications established by us are solely for the purpose of ensuring that the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Restaurant brand attributes known to and desired by the consuming public and associated with the Marks. You affirm, warrant, and understand that you may staff your Franchised Business with as many employees as you desire at any time. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate the Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for you to use to train your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Restaurant and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer, or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration, or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer, or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration, or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

16.3 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

ARTICLE 17 **TERMINATION**

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Approved Location or equipment is

instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Franchised Business or sell any products or services authorized by us for sale at the Franchised Business at a location which has not been approved by us;

(b) If you fail to acquire an Accepted Location for the Franchised Business within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel the Franchised Business in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Franchised Business for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Franchised Business, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control; provided, however, that Force Majeure shall not include your lack of financing), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of our relocation fee;

(f) If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein, or you or any of the Principals has committed a crime, offense, or misconduct for which the minimum penalty includes imprisonment for more than one year, or any crime, offense, or misconduct for which the minimum penalty includes imprisonment of one year or less or that involves fraud or dishonesty or is in any other way relevant to the operation and reputation of the Franchised Business, System, the Marks, or the goodwill associated with the Marks;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Franchised Business to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other

agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any Confidential Information or Trade Secrets, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor General Manager within the time required under Section 6.3.4 following ten (10) days prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(r) If you or any of the Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If any of your managers is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement manager;

(t) If you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your Principals' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; and

(u) If you or any of the Principals, the General Manager, the Kitchen Manager, or the Assistant Kitchen Manager display evidence of sexual harassment, substance abuse, or abusive behavior, or any other conduct that we believe is reasonably likely to have an adverse effect on the System, the Marks, the Restaurant, the goodwill associated therewith, or our interests therein.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us, or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

17.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your web page on our website, until such time as you correct the breach.

17.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 18 **POST-TERMINATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

18.1 Cease Operations

You shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

18.2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any Confidential Information and Trade Secrets, including but not limited to, confidential methods, computer software, procedures, and techniques associated with the System; the mark “Black Rock Bar & Grill”; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “Black Rock Bar & Grill” or any other Mark, service mark, or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

18.5 Payment of Sums Owed

You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

You and the Principals shall pay to us all damages, costs and expenses, including attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

18.7 Delivery of Manuals and Materials

You shall immediately deliver to us, or delete or destroy if we direct you to in our discretion, all Manuals, Confidential Information, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

18.8 Confidential Information

You and the Principals shall comply with the restrictions on Confidential Information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.

18.9 Advertising and Promotional Materials

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

18.10 Assignment to Us

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Franchised Business are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

18.11 Assignment of Lease

If you operate the Franchised Business under a lease for the Franchised Business premises with a

third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Franchised Business or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Franchised Business premises or do not have such option, you shall make such modifications or alterations to the Franchised Business premises as are necessary to distinguish the appearance of the Franchised Business from that of other Restaurants operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Franchised Business premises from and after the date of the assignment of lease.

18.12 Our Right to Purchase

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business, at fair market value. If we exercise our right to purchase all or a portion of your assets, we shall be purchasing such assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including legal fees and expenses), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Franchised Business premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Franchised Business premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Franchised Business is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates

and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

18.13 Restaurant Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Franchised Business from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Franchised Business, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

18.14 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Section to any other party, without your consent.

18.15 Telephone Numbers, Yellow Pages Listings, Electronic Media, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Franchised Business and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all internet listings, domain names, internet Accounts, advertising on the internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing, usage, or electronic communication asset or media related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 7 hereto. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.16 Liquidated Damages

If we terminate this Agreement with cause, you must pay us liquidated damages equal to the greater of (a) the average value of sum of the Royalty Fees and Brand Development Fund Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) thirty-six (36), being the number of months in three (3) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is less; or (b) \$360,000.

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.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your Principals agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 19 **MISCELLANEOUS**

19.1 Notices

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and your Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO CONTRARY CONTAINED IN THIS AGREEMENT, THIS SECTION 19.2 SHALL NOT APPLY TO THE SEPARATE CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENANT NOT TO COMPETE EXECUTED BY YOU AND THE PRINCIPALS, THE OWNERS' GUARANTY AND ASSUMPTION OF OBLIGATIONS, AND THE COLLATERAL ASSIGNMENT OF LEASE, WHICH SHALL EACH CONSTITUTE A SEPARATE AGREEMENT AND SHALL NOT BE INTEGRATED WITH OR CONSIDERED A PART OF THIS FRANCHISE AGREEMENT.

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Mediation and Arbitration

19.7.1 We and you acknowledge that during the Term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.7.3. If we and you cannot agree on a location, the mediation will be conducted at a location in the county and state of our principal place of business at the time the mediation is commenced. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.7.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to

arbitration subject to the terms and conditions of Section 19.7.3.

19.7.3 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in the county and state where our principal place of business is located at the time the action is filed under the authority of Michigan Statutes. The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Michigan Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Michigan Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.8 Venue; Governing Law

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Michigan and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Michigan or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be the state in which our principal place of business is located at the time the action is filed; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Michigan law, with the Michigan Franchise Investment Law being exempt unless the jurisdictional requirements are met.

19.9 Agreement Regarding Governing Law and Choice of Forum

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Waiver of Punitive Damages; Waiver of Jury Trial

You, the Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, members,

managers, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other.

19.11 Electronic Execution and Execution in Multiple Counterparts

This Agreement and all Exhibits or Attachments may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument. This Agreement and all Exhibits or Attachments may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

19.12 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.13 Survival of Terms

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

19.14 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.15 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements

and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

19.16 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.17 Terminology

The term “your Principals” shall include, collectively and individually, (1) you (2) your spouse, if you are an individual person, (3) all officers, directors, members, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (4) all officers, directors, members, managers, and general partners (or persons holding comparable positions in non-corporate entities) of any Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

19.18 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.19 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

19.20 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.21 Modification of the System; Non-uniformity

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations,

consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

You and each Principal acknowledges and agrees that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement terms for any franchised business, based upon the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other factor or condition which we consider important to the successful operation of the franchised business. These variations may result in us, in our sole discretion, compromising, forgiving, or settling claims or disputes with or against other franchisees on different terms than we may with you. You acknowledge that you are not entering into this Agreement in reliance on or because of any other agreement that we have entered or may enter with a third party. You will have no right to require us to disclose any variation or to grant the same or similar variation to you.

19.22 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

19.23 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

19.24 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, actual accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

ARTICLE 20 **SECURITY INTERESTS**

20.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the "Collateral".

20.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

20.2.1 All amounts due under this Agreement or otherwise by you;

20.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

20.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

20.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

20.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

20.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

20.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

20.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Michigan (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 21

TECHNOLOGY

21.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your Computer System:

21.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Restaurants, between or among Restaurants, and between and among the Franchised Business and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the “Computer System”).

21.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

21.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manuals or otherwise in writing (“Point of Sale Systems”), which shall be deemed part of your Computer System.

21.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, “Computer Upgrades”).

21.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

21.2 Data

We may, from time-to-time, specify in the Manuals or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Franchised Business, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business’s customers, including without limitation Customer Personal Data as defined in Section 21.3) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the Franchised Business under this Agreement.

21.3 Privacy

You shall abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”), including but not limited to those that are applicable to your processing of data that may be reasonably linked or linkable to natural persons to whom your Franchised Business provides goods or services or who are associated with a business entity to whom your Franchised Business provides goods or services (“Customer Personal Data”). Customer Personal Data includes but is not limited to a customer’s name, birthdate, address, contact information, payment card information, transaction history, and other personal and other information as may be further set forth and defined in the Manual. For purposes of the Privacy Laws, we are the “controller” and you are a “processor” of such Customer Personal Data.

Subject to your and your Principals’ compliance with the terms and conditions of this Agreement, we grant you a non-exclusive, non-sublicensable, non-transferable, limited right to collect, use, share, disclose, store, and delete (collectively, “process”) Customer Personal Data during the term of this Agreement solely as necessary for the operation of your Franchised Business. All such processing of Customer Personal Data must at all times be in compliance with (a) all applicable laws, including without limitation, the Privacy Laws and (b) our standards and policies, the System, and the Manual, which we may amend from time to time in our sole discretion.

It is your responsibility to research and understand the Privacy Laws, other industry standards, and other applicable laws to ensure that your business policies and practices comply with these requirements. If there is a conflict between our standards and policies and the Privacy Laws, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

You are responsible for securing and maintaining the security of all Customer Personal Data and protecting the same from unauthorized processing, destruction, modification, or use that would violate this Agreement, the Brand Standards Manual, or any Privacy Laws.

In addition, you covenant and agree to cooperate with us and to comply with and adhere to all directions and requests that we deliver to you from time to time relating to Customer Personal Data and/or the Privacy Laws, including without limitation, assisting us in complying with any obligations we may have under the Privacy Laws, adhering to the policies and procedures set forth in the Manual, and delivering or making available to us all information in your possession necessary to demonstrate your compliance with the Manuals and/or the Privacy Laws. We reserve the right to audit and inspect your use of information technology, organizational systems, and data security policies and practices, which may include an assessment of your compliance with our standards and policies relating to your processing and use of Customer Personal Data. Any such assessment, audit, and/or inspection will be at your sole your cost and expense and you must reimburse us for any costs and expenses we incur in connection therewith.

If you detect or are notified of a data breach involving Customer Personal Data or any other information or data related to your customers (“Data Breach”), you must immediately notify us of the Data Breach. You must cooperate with us in investigating and halting the Data Breach, including giving us access to your information technology systems. We will have the right to name legal counsel to deal with the Data Breach and to control media communications relating to the Data Breach. You must not make any public statements about the Data Breach without our approval. You must indemnify us and hold us harmless for all claims and costs, including attorneys’ fees, incurred by us as a result of any Data Breach that is your responsibility or your breach or failure to comply with any Privacy Laws.

21.4 Telecommunications

You shall comply with our requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

21.5 Intranet

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an “Intranet”). You shall comply with our requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

21.6 On-line Use of Proprietary Marks

You shall not use the Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

21.7 No Outsourcing Without Prior Written Consent

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

21.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 21 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

21.9 Franchise Technology Disclaimer

THE FRANCHISE TECHNOLOGY AND ITS CONTENT ARE PROVIDED “AS-IS”. WE AND OUR AGENTS AND LICENSORS DISCLAIM ANY AND ALL WARRANTIES RELATING TO THE FRANCHISE TECHNOLOGY, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, REGARDING ANY CONTENT AND YOUR ABILITY OR INABILITY TO USE THE FRANCHISE TECHNOLOGY AND ITS CONTENT.

USE OF THE FRANCHISE TECHNOLOGY IS AT YOUR SOLE RISK. WE WILL NOT BE LIABLE TO YOU OR ANY PERSON CLAIMING THROUGH YOU FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR OTHER DAMAGES UNDER ANY THEORY OR LAW FOR ANY ERRORS IN OR THE USE OF OR INABILITY TO USE THE FRANCHISE TECHNOLOGY AND ITS CONTENT INCLUDING DAMAGES FOR LOST PROFITS, BUSINESS, DATA, OR DAMAGE TO ANY COMPUTER SYSTEMS.

ARTICLE 22

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, members, managers, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

22.2 Your Acknowledgements

Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 8 hereto. Franchisee's acknowledgements are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 8 is incomplete or incorrect.

ARTICLE 23
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us below.

THE PARTIES hereto have duly executed and delivered this Agreement as of the below Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer
Accepted On: _____
(the "Effective Date")

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

**ATTACHMENT 1
ACCEPTED LOCATION AND DESIGNATED TERRITORY**

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Franchised Business shall be located at the following Accepted Location:

2. DESIGNATED TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Designated Territory shall be:

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 2

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over Sizzling Black Rock Steak House Franchising, Inc., a Michigan corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee or a subsidiary or affiliate of Assignee, has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

This assignment constitutes the entire agreement between the parties with respect to the subject matter hereof. This assignment supersedes any prior agreements, negotiations and discussions between the parties. This assignment cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties. This assignment may be executed in any number of counterparts, each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This assignment may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this assignment.

[signatures on following page]

ASSIGNEE:

SIZZLING BLACK ROCK STEAK
HOUSE FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

ASSIGNOR:

By: _____

Name: _____

Title: _____

Date: _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

- (a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;
- (c) Consents to the Collateral Assignment and agrees that if Assignee, or its subsidiary or affiliate, takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee, or its subsidiary or affiliate, as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and
- (d) Agrees that Assignee or its subsidiary or affiliate, may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease, operate the premises as a Sizzling Black Rock Steak House, and that upon that assignment Assignee, or its subsidiary or affiliate, will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.
- (e) This Agreement may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

Dated: _____

_____, Lessor

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 3

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

- A. The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name

Percentage of Ownership/Nature of Interest

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 4

OWNERS' GUARANTY AND ASSUMPTION OF OBLIGATIONS

Each of the undersigned acknowledges and agrees as follows:

1. Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Principals in the Franchise Agreement are in partial consideration for, and a condition to, the granting of this license, and that Sizzling Black Rock Steak House Franchising, Inc. ("Franchisor") would not have granted this license without the execution of this guaranty and such undertakings by each of the undersigned;

2. Each is included in the term "Principals" as described in Section 19.17 of the Franchise Agreement;

3. Each individually, jointly and severally, makes all of the covenants, representations, warranties, and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

4. Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of the Franchisee's obligations under the Franchise Agreement will be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement. Without affecting the obligations of any of the Principals under this guaranty, Franchisor may, without notice to the Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Principals waives all demand and notices of every kind with respect to the enforcement of this guaranty, including without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor and any release of any guarantor or other security for this guaranty or the obligations of Franchisee. Franchisor may pursue its rights against any of the Principals, jointly or severally, without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of the Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in such event, the obligations of the remaining Principals shall continue in full force and effect.

5. This guaranty constitutes the entire agreement between the undersigned and Franchisor concerning the subject matter hereof. All prior agreements, discussions, negotiations, understandings, inducements, representations, warranties and covenants are merged herein and are superseded by this guaranty. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED, BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING, EXCEPT THOSE EXPRESSLY SET FORTH IN THIS GUARANTY. EXCEPT THOSE PERMITTED TO BE MADE UNILATERALLY BY FRANCHISOR HEREUNDER, NO AMENDMENT, CHANGE

OR MODIFICATION VARIANCE FROM THIS GUARANTY SHALL BE BINDING ON EITHER PARTY UNLESS MUTUALLY AGREED TO BY FRANCHISOR AND THE UNDERSIGNED AND EXECUTED IN WRITING.

6. This guaranty may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This guaranty may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this guaranty.

PRINCIPALS

By: _____

Name: _____

Title: _____

Dated: _____

By: _____

Name: _____

Title: _____

Dated: _____

By: _____

Name: _____

Title: _____

Dated: _____

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 5

CONFIDENTIALITY AND/OR NON-COMPETITION AGREEMENTS

**CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENANT NOT TO
COMPETE
(Franchisee and Principals)**

This Confidentiality and Nondisclosure Agreement and Covenant Not to Compete (the "Agreement") is entered into as of the date or dates set forth below by and between _____ located at _____ ("Franchisee") and SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC., a Michigan corporation located at 30553 S Wixom Road, Suite 300, Wixom, Michigan 48393 (the "Company"), and _____, owner of Franchisee ("Owner") Franchisee and Owner are hereinafter, collectively referred to as the "Franchisee Parties".

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and the Company;

WHEREAS, the Company is the Franchisor of "Black Rock Bar & Grill" Restaurants and has the authority to disclose and discuss all information relating to the operations of a Black Rock Bar & Grill Restaurant;

WHEREAS, Confidential Information and Trade Secrets, which are more particularly described below, will be disclosed to or obtained by the Franchisee Parties in the courses of and in relation to Franchisee's operation of its Black Rock Bar & Grill Restaurant franchise; and

WHEREAS, the Franchisee Parties understand the necessity of not disclosing any such information to any other party or using such information to compete against the Company, any affiliate(s) or other franchisee(s) of the Company, or in any business (i) that is a Competing Business (as defined below) or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or the Company, any affiliate(s) of the Company, or the Company's other franchisees.

NOW, THEREFORE, in order to induce the Company to transmit the aforesaid information to the Franchisee Parties, and enter into the Franchise Agreement with the Franchisee Parties, pursuant to which the Franchisee Parties will directly or indirectly receive or obtain access to the aforesaid information, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1) Franchise System

a) The Company and its affiliates have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a full service restaurant operating under the name "Black Rock Bar & Grill" which offers Australia-style rock cooking where certain menu items are cooked on a hot volcanic rock at the customer's table, as well as a diverse menu offering steaks, seafood, pasta, burgers, pizza, soup, salads, and beverages (including alcoholic beverages) on a dine-in and take-out basis ("Restaurant").

b) The Restaurant operated by the Franchisee Parties will be referred to in this Agreement as the "Franchised Business."

2) Definitions.

a) The term "Competing Business" shall mean a business that is of a character and concept similar to the Restaurants, including, but not limited to a food service business that offers and sells the same or substantially similar food products, that does any kind of table side cooking which includes the use of the "cook-on-stone" concept, or a business that offers more than 20% of its menu items as steaks.

b) The term “Confidential Information” shall include, but shall not be limited to, all information, Trade Secrets, knowledge, know-how, techniques, and any materials used in or related to the Franchised Business or the System which the Company provides to the Franchisee Parties or which is otherwise obtained by the Franchisee Parties in the course of or related to the operation of the Franchised Business, including but not limited to, the Manual, training methods, operations methods, advertising, information regarding the identities and business transactions of customers and suppliers, Customer Personal Data, computer software and similar technology that has been or may be developed by or for the Company or its agents, knowledge of the operations results and financial performance of Restaurants, plans and specifications, marketing information and strategies, site evaluation, selection guidelines and techniques, food preparation, recipes, preparation of any items using the “cook-on-stone” concept recipes, and the terms of the Franchise Agreement.

c) The term “Customer Personal Data” shall mean data that may be reasonably linked or linkable to natural persons to whom the Franchised Business provides goods or services or who are associated with a business entity to whom your Franchised Business provides goods or services.

d) The term “Manual” shall mean the confidential operations manuals and such other manuals and written materials as the Company shall have developed for use in the Franchised Business (as the same may be revised by Company from time to time).

e) The term “Trade Secret” shall mean information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, recipes, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Franchised Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3) **Confidentiality and Nondisclosure.**

a) The Franchisee Parties shall not at any time, during the term of the Franchise Agreement, or after the termination, expiration, or any other end of the Franchise Agreement, communicate, disclose, or use any Confidential Information or Trade Secrets (collectively, “Information”) for their own benefit, the benefit of any third party, or for any other reason or purpose, nor will the Franchisee Parties directly or indirectly aid any third party to imitate, duplicate, or “reverse engineer” any of the Information. The Franchisee Parties agree to use and permit the use of Information solely in connection with the operation of the Franchised Business. The Franchisee Parties shall not, without the Company’s prior written consent, copy, duplicate, record, or otherwise reproduce any Information. The Franchisee Parties hereby indemnify the Company and its directors, officers, employees, agents, members, managers, successors and assigns, affiliates and subsidiaries, and the respective directors, officers, employees, agents, shareholders, members, affiliates, and successors and assigns of each, from any damages, costs, or expenses resulting from or related to any disclosure or use of Information by the Franchisee Parties or their respective directors, officers, employees, agents, shareholders, members, managers, affiliates, consultants, and contractors. The Franchisee Parties agree never to copy, duplicate, record or otherwise reproduce any of the Information, in whole or part, share it with any other third-party individual or entity (except as provided herein), store it in a computer or other electronic format, or otherwise make it available to any third party by any other means whatsoever. The Franchisee Parties shall retain all Information in strict confidence and not use the Information except as otherwise provided herein. The Franchisee Parties agree not to claim any right or interest in or to disclose Information to others.

b) During the term of the Franchise Agreement between Franchisee and the Company or in the event the Franchise Agreement terminates, expires without renewal, or ends for any other reason, the Franchisee Parties agree not to use any of the Information to own, operate, develop, have any interest in, or assist in any way any Competing Business.

c) The Franchisee Parties acknowledge the Company's exclusive ownership of the Information and the System and the Company's exclusive ownership of the Company's trademarks. No Franchisee Party shall, directly or indirectly, contest or impair the Company's exclusive ownership of, and/or license with respect to, the Information, the System, or the Company's trademarks.

d) In the event that the Franchise Agreement between Franchisee and the Company terminates, expires without renewal, or ends for any other reason, or upon the Company's reasonable request, the Franchisee Parties shall return and/or deliver to the Company, or destroy if instructed by the Company in the Company's sole discretion, all Information, and shall not retain any copies in whatever form, including without limitation electronically stored information, or other reproductions, or extracts thereof, provided or prepared by the Company or the Franchisee Parties or any of their respective officers, members, managers, shareholders, directors, agents, employees, representatives, or consultants. The Franchisee Parties shall provide a certificate to the Company, in a form satisfactory to the Company, that all of the foregoing have in fact been returned and/or destroyed.

4) **Non-competition.**

a) The Franchisee Parties acknowledge that the Information disclosed to the Franchisee Parties and all other aspects of the Company's System are highly valuable assets of the Company, and the Franchisee Parties agree that, during the term of the Franchise Agreement, except as otherwise approved in writing by the Company, which approval may be withheld or denied in the Company's sole and absolute discretion, the Franchisee Parties must not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other person or entity:

- i) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's trademarks or the System.
- ii) Own, maintain, operate, engage in, have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist, be employed by, or make loans to any Competing Business, without the Company's prior written consent.

b) On the termination, expiration, non-renewal, or any other end of the Franchise Agreement, for any reason whatsoever, the Franchisee Parties must not, for a period of two (2) years thereafter, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other entity:

- i) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's trademarks or the System.
- ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist, or make loans to any Competing

Business, which business is, or is intended to be, located within a twenty-five (25) mile radius of the Approved Location or the location of any Restaurant.

c) The restrictions contained in Sections 4(a)(ii) and 4(b)(ii) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

d) The Franchisee Parties acknowledge and agree that if any of the Franchisee Parties should violate the provisions of this Section 4 with respect to the operation of a Competing Business following expiration, termination, or any other end of the Franchise Agreement, then the period for which the prohibition stated therein shall be extended until two (2) years following the date such Franchisee Parties ceases all activities that are in violation of this Section 4.

5) **Effect of Agreement.** The Company's sole obligation under this Agreement is to provide the Information to the Franchisee Parties at the outset of the parties' business relationship so that the Franchisee Parties may open and operate the Franchised Business. The Company shall have no further obligations under this Agreement once the Company has provided the Information to the Franchisee Parties. Nothing in this Agreement shall be construed to create any additional or continuing obligation of the Company after the Company initially provides the Information to the Franchisee Parties. The Franchisee Parties' obligations under this Agreement shall continue in effect after termination, expiration, or any other end of the Franchise Agreement, regardless of the reason or reasons, whether such was voluntary or involuntary, and the Company is entitled to communicate the Franchisee Parties' obligations under this Agreement to any third party to the extent deemed necessary by the Company for protection of its rights.

6) **Reasonableness of Restrictions.** The Franchisee Parties have carefully considered the nature and extent of the restrictions upon the Franchisee Parties set forth in this Agreement (including without limitation, the covenants not to compete, confidentiality restrictions, and the restrictions on assignment) and the rights and remedies conferred upon all of the parties under this Agreement. Such restrictions, rights, and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to the Company and the Franchise System; (c) are fully required to protect the Company's legitimate business interests; and (d) do not confer benefits upon the Company that are disproportionate to the Franchisee Parties' detriment. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on the Franchisee Parties, since the Franchisee Parties have other considerable skills, experience, and education which afford the Franchisee Parties the opportunity to derive income from other endeavors. The Franchisee Parties acknowledge that each of the terms set forth herein, including the restrictive covenants, are fair and reasonable and are reasonably required for the protection of the Company, the Company's Information, the Company's business system, its network of franchises, the Company's goodwill, and the Company's trade and service marks, and the Franchisee Parties waive any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then the Franchisee Parties agree to submit to the reduction of any such activity, time period, or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

7) **Relief for Breaches of Confidentiality and Non-Competition.** The Franchisee Parties acknowledge that it will be difficult to measure the damages to the Company from any breach of a Franchisee Party of the covenants and restrictions set forth herein, that the injury to the Company from any such breach would be incalculable and irremediable and the damages are not an alternative or an adequate remedy. The Franchisee Parties therefore agree that in the event any Franchisee Party breaches or attempts

to breach any of the terms of this Agreement, the Company shall be entitled as a matter of right to obtain from any court of competent jurisdiction an injunction (i) prohibiting the breaching party from any further breaches of this Agreement; (ii) rescinding any action taken by the breaching party contrary to the terms of this Agreement; and (iii) authorizing the Company to recover from the breaching party any and all salaries, fees, commissions, income, profits or other remuneration or gain which the breaching party may have received or to which it may have become entitled to receive from or by reason of the conducting of any activity in violation of the terms, conditions or covenants of this Agreement. The issuance of such an injunction will not prevent the Company from obtaining such other relief as is appropriate under the circumstances, such as the award of other monetary damages.

8) **Independent Contractor and Joint Employer Disclaimer.** The Franchisee Parties understand and agree that nothing in this Agreement may be construed to create a partnership, joint venture, agency or employment relationship of any kind between the Company or any of the Franchisee Parties. No party shall represent that the relationship between the Company and the Franchisee Parties is other than that of franchisor and franchisee. The Company does not assume any liability, and shall not be considered liable, for any agreements, representations, or warranties made by the Franchisee Parties unless expressly authorized under this Agreement. The Company will not be obligated for any damages to any person or property that directly or indirectly arises from or is related to the operation of the Franchised Business by the Franchisee Parties. The Franchisee Parties acknowledge and agree, and will never contend otherwise, that the Franchisee Parties alone will exercise day-to-day control over all operations, activities and elements of the Franchised Business and that under no circumstance will the Company do so or be deemed to do so. The Franchisee Parties further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, and covenants the Franchisee Parties are required to comply with under this Agreement do not directly or indirectly constitute, suggest, infer or imply that the Company controls any aspect or element of the day-to-day operations of the Franchised Business. None of Franchisee Parties' employees nor the Franchisee Parties will be considered employees of the Company. Neither the Franchisee Parties nor any of Franchisee Parties' employees whose compensation Franchisee may pay in any way, directly or indirectly, expressly or by implication, will be construed to be an employee of the Company for any purpose, including, without limitation, with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any local, state or federal governmental agency.

9) **Miscellaneous.**

a) The parties agree that this Agreement shall become non-executory after the Company's disclosure of the Information.

b) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between the parties. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

c) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et. seq), as amended, this Agreement shall be governed by the laws of the state of Michigan. The parties agree, however, that if the Franchised Business is not located in Michigan, and if no Franchisee Party a resident of Michigan, the provisions of the Michigan Franchise Investment Law and the regulations promulgated thereunder shall not apply to this Agreement.

d) Any action brought by any party to this Agreement shall only be brought in the appropriate state or federal court located in or serving the county in which the Company's principal place of business is located at the time the litigation is commenced. The parties waive all questions of personal jurisdiction

or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by the Company where any Franchisee Party is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

e) If the Company is required to enforce this Agreement in any judicial or arbitration proceeding or any appeals, each Franchisee Party, jointly and severally, must reimburse the Company for its enforcement costs. Enforcement costs include actual accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Agreement.

f) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of the parties and shall inure to the benefit of the parties and their respective successors and assigns. The Franchisee Parties may not assign this Agreement without the prior written consent of the Company. The Company may assign this Agreement without the prior consent of the Franchisee Parties.

g) The failure to insist upon performance in any one (1) or more instances upon non-performance of any terms, covenants, and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant, or condition of this Agreement, and the obligations of each party with respect thereto shall continue in full force and effect.

h) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

i) The existence of any claim or cause of action a Franchisee Party might have against the Company will not constitute a defense to the enforcement by the Company of this Agreement.

j) In the event any Section or portion of any Section in this Agreement shall be determined to be invalid or unenforceable for any reason(s), such invalidity or unenforceability shall not affect the validity and enforceability of the remaining valid and enforceable Sections hereof, which shall be construed as if such invalid or unenforceable Section or Sections had not been inserted.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon the parties pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party to this Agreement of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

l) This Agreement may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

m) Pursuant to the Defend Trade Secrets Act of 2016, the undersigned has been notified and understand that the undersigned will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

THE FRANCHISEE PARTIES CERTIFY THAT THEY HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND AND ACCEPT THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ANY FRANCHISEE PARTY TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year written below.

FRANCHISEE:

COMPANY:

FRANCHISEE

SIZZLING BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

OWNER:

Principal Owner 1

Dated: _____

**CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENANT NOT TO
COMPETE
(Management Employees of Franchisee)**

I am a management employee of _____ (the "Company"). The Company operates or is developing a Black Rock Black Rock Bar & Grill Restaurant franchise under a Franchise Agreement between the Company and SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC. (the "Franchisor") or of one of its affiliates or franchisees. The Restaurant operated by the Company is referred to as the "Franchised Business."

As a management employee of the Company, I acknowledge that in the course of my employment by the Company and my training in the Black Rock Bar & Grill systems of operation, I will have access to certain Confidential Information, as defined below, about the Company and the Franchisor's methods of establishing, developing, operating, and maintaining Black Rock Bar & Grill restaurants that is confidential and not available to the public in general. I understand that the Company and the Franchisor have spent a great deal of time and money developing this Confidential Information and I acknowledge that the Company and the Franchisor's reasonable competitive business interests would be severely and irreparably damaged if the Confidential Information that has been (or may be) revealed to me or which I may obtain or access through the course of my employment or training with the Company, were to be shared with or disclosed to any third person, become available to the public in general, or used by me to compete with the Company or the Franchisor or any of its affiliates or franchisees, or in any way or for any purpose not authorized by the Company. I, therefore, agree that the Company and Franchisor have a need to protect the Company's and the Franchisor's valuable Confidential Information and I agree that in consideration of these factors, and in consideration of my employment or continuing employment with the Company and/or by training in the Black Rock Bar & Grill systems of operation, I promise and agree to be bound by the terms of this Agreement as follows:

1. I agree not to directly or indirectly disclose to any individual, partnership, corporation, or any other entity ("person"), or to use myself, any Confidential Information which I learn or gain access to during my training and/or employment with the Company, except as necessary in the course of my employment with the Company and in accordance with the Company's policies.

I agree to, at all times, keep the Confidential Information strictly confidential and use my best efforts to maintain the secrecy of the Confidential Information. In particular, I will, at all times, keep all tangible forms of the Confidential Information that I have been entrusted with in a secure work area and safely locked away when not in use and will ensure that these items do not fall into the hands of unauthorized persons.

I also agree that if my employment with the Company terminates or ends for any reason, I will immediately return to the Company or the Franchisor, all memoranda, notes, and other electronic, written, or printed information that is in my possession or under my control, which contains Confidential Information, including information, which although not confidential, belongs to the Company or the Franchisor or relates to its business or systems of the Company or the Franchisor. This obligation will apply regardless of whether the information was prepared by me, the Company, the Franchisor, or a third party.

The term "Confidential Information" as used in this Agreement includes, but is not limited to: any and all information, Trade Secrets, knowledge, know-how, techniques, and any materials used in or related to the Franchised Business or the Black Rock Bar & Grill systems of operation which the Company may provide to you or you may learn inadvertently, including but not limited to, training methods, operations methods, advertising, information regarding the identities and business transactions of suppliers, all information obtained from, related to, or linkable to customers of the Company or any other Black Rock Bar & Grill restaurant, including without limitation such customers' names, birthdates, addresses, contact information, payment card information, and transaction histories, computer software and similar technology that has been

or may be developed by or for Franchisor or its agents, knowledge of the operations results and financial performance of the Franchised Business, plans and specifications, marketing information and strategies, site evaluation, selection guidelines and techniques, food preparation, recipes, preparation of any items using the “cook-on-stone” concept recipes.

2. a. I agree and acknowledge that the Confidential Information disclosed to me and all other aspects of the operation of a Sizzling Black Rock Bar & Grill are highly valuable assets, and I agree that, during my employment, except as otherwise approved in writing by the Company, which approval may be withheld or denied in the Company’s sole and absolute discretion, I will not, either directly or indirectly, for myself or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other person or entity:

i. Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s trademarks or the System.

ii. Own, maintain, operate, engage in, have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist, be employed by, or make loans to any Competing Business, without the Company’s prior written consent.

b. On the termination of my employment for any reason whatsoever, I will not, for a period of two (2) years thereafter, directly or indirectly, for myself, or through, on behalf of or in conjunction with any person(s), partnership, association, corporation, or any other entity:

i. Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s trademarks or the System.

ii. Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist, or make loans to any Competing Business, which business is, or is intended to be, located within a twenty-five (25) mile radius of the location of the Franchised Business.

c. The restrictions contained in Sections 2(a)(ii) and 2(b)(ii) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

d. I acknowledge and agree that if I should violate the provisions of this Section 2 with respect to the operation of a Competing Business following termination of my employment, then the period for which the prohibition stated therein shall be extended until two (2) years following the date I cease all activities that are in violation of this Section 2.

3. Pursuant to the federal Defend Trade Secrets Act of 2016, I have been notified and understand that I will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law;

or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. I understand that the Franchisor is the exclusive owner of all rights relating to the Black Rock Bar & Grill systems and its Confidential Information and I agree that as a condition of my employment by the Company, the Franchisor has the exclusive rights to all ideas, improvements, and innovations relating to a Black Rock Bar & Grill Restaurant, which I conceive, develop or help develop during my training and/or employment.

5. I understand that the Company is an independently owned and operated Black Rock Bar & Grill Restaurant franchisee and is my sole employer and solely responsible for the terms and conditions of my employment and my compensation. I further understand that the Franchisor is not directly or indirectly my employer and that the Franchisor is granted rights under this Agreement solely for the purpose of protecting the Black Rock Bar & Grill systems and brand and its Confidential Information.

6. My obligations under this Agreement will be binding on me and my heirs and personal representatives and will inure to the benefit of the Company and the Franchisor and their successors and assigns. My obligations arising out of this Agreement are in addition to and are not in any manner limitations on all obligations not to use or disclose the Company's or the Franchisor's Confidential Information as provided by law, whether expressly or by implication.

7. I acknowledge that my breach of this Agreement will cause the Company and/or Franchisor irreparable harm. I, therefore, agree that the Company will be entitled to an injunction enjoining me and restraining me from performing and continuing to commit any violation or breach of this Agreement, in addition to any other rights and remedies it might have. Also, the Company will be entitled to recover all costs and expenses from me, including actual attorneys' fees and costs incurred in enforcing this Agreement. These remedies are cumulative and not alternative and will be in addition to every remedy given under this Agreement, any other agreement between me and the Company, or now or later existing at law or in equity, by statute or otherwise. The election of one or more remedies will not constitute a waiver of any right to pursue other remedies.

8. I agree that Franchisor is a third-party beneficiary of this Agreement and has the right independently of the Company to enforce the provisions of this Agreement.

9. I acknowledge and agree that the restrictions, rights, and remedies contained in this Agreement are reasonable, valid, and enforceable. However, if a court of competent jurisdiction finds any of the provisions of this Agreement to be too broad to be enforceable, such provision shall be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable, bearing in mind that the purpose of this Agreement is to provide the broadest possible protection against disclosure of the Confidential Information.

10. I agree that this Agreement, for all purposes, will be construed in accordance with the laws of the State of Michigan without regard to conflicts-of-law principles.

11. I have had an opportunity to review all the terms of this Agreement with my attorney and/or advisors and have read, understand and voluntarily accept all the terms of this Agreement.

12. I agree that any litigation will only be conducted on an individual, not a class-wide basis, and that a litigation proceeding between me and the Company or the Franchisor may not be consolidated with any other litigation proceeding between me and the Company or the Franchisor and any other person, corporation, limited liability company, partnership or other entity. I waive, to the fullest extent allowed by

law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

13. AFTER CONSULTING WITH MY ATTORNEY OR HAVING THE OPPORTUNITY TO DO SO, I KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY (AND WITHOUT DURESS OR COERCION) WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON OR ARISING OUT OF THIS AGREEMENT OR BASED ON ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION RELATING TO THIS AGREEMENT. I WILL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS WILL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ME OR THE COMPANY EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ME AND THE COMPANY.

ACCEPTED:

Signature of Management Employee

The Company

Type or Print Management Employee Name

By: _____

Its: _____

Dated: _____

Dated: _____

CONFIDENTIALITY AGREEMENT
(Employees and Trainees of Franchisee)

I am an employee or trainee of _____ (the “Company”). The Company operates or is developing a Black Rock Bar & Grill Restaurant franchise under a Franchise Agreement between the Company and SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC. (the “Franchisor”) or of one of its affiliates or franchisees.

As an employee or trainee of the Company, I acknowledge that in the course of my employment by the Company and my training in the Black Rock Bar & Grill systems of operation, I will have access to certain Confidential Information, as defined below, about the Company and the Franchisor’s methods of establishing, developing, operating, and maintaining Black Rock Bar & Grill restaurants that is confidential and not available to the public in general. I understand that the Company and the Franchisor have spent a great deal of time and money developing this Confidential Information and I acknowledge that the Company and the Franchisor’s reasonable competitive business interests would be severely and irreparably damaged if the Confidential Information that has been (or may be) revealed, or which I may obtain or access through the course of my employment or training with the Company, to me were to be disclosed to any third person, become available to the public in general, or used by me to compete with the Company or the Franchisor or any of its affiliates or franchisees, or in any way or for any purpose not authorized by the Company. I, therefore, agree that the Company and Franchisor have a need to protect the Company’s and the Franchisor’s valuable Confidential Information and I agree that in consideration of these factors, and in consideration of my employment or continuing employment with the Company and/or by training in the Black Rock Bar & Grill systems of operation, I promise and agree to be bound by the terms of this Agreement as follows:

1. I agree not to directly or indirectly disclose to any individual, partnership, corporation, or any other entity (“person”), or to use myself, any Confidential Information which I learn or gain access to during my training and/or employment with the Company, except as necessary in the course of my employment with the Company and in accordance with the Company’s policies. I agree that these restrictions will apply while I am in training or am employed by the Company and indefinitely after my training is completed or ends or my employment terminates or ends for any reason.

I agree to, at all times, keep the Confidential Information strictly confidential and use my best efforts to maintain the secrecy of the Confidential Information. In particular, I will, at all times, keep all tangible forms of the Confidential Information that I have been entrusted with in a secure work area and safely locked away when not in use and will ensure that these items do not fall into the hands of unauthorized persons.

I also agree that if my training ceases without my being employed by the Company or my employment with the Company terminates or ends for any reason, I will immediately return to the Company or the Franchisor, all memoranda, notes, and other electronic, written, or printed information that is in my possession or under my control, which contains Confidential Information, including information, which although not confidential, belongs to the Company or the Franchisor or relates to its business or systems of the Company or the Franchisor. This obligation will apply regardless of whether the information was prepared by me, the Company, the Franchisor, or a third party.

The term “Confidential Information” as used in this Agreement includes, but is not limited to: any and all information, Trade Secrets, knowledge, know-how, techniques, and any materials used in or related to the Franchised Business or the Black Rock Bar & Grill systems of operation which the Company may provide to you or you may learn inadvertently, including but not limited to, training methods, operations methods, advertising, information regarding the identities and business transactions of suppliers, all information obtained from, related to, or linkable to customers of the Company or any other Black Rock Bar & Grill restaurant, including without limitation such customers’ names, birthdates, addresses, contact information, payment card

information, and transaction histories, computer software and similar technology that has been or may be developed by or for Franchisor or its agents, knowledge of the operations results and financial performance of the Franchised Business, plans and specifications, marketing information and strategies, site evaluation, selection guidelines and techniques, food preparation, recipes, preparation of any items using the “cook-on-stone” concept recipes.

2. Pursuant to the federal Defend Trade Secrets Act of 2016, I have been notified and understand that I will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

3. I understand that the Franchisor is the exclusive owner of all rights relating to the Black Rock Bar & Grill systems and its Confidential Information and I agree that as a condition of my training and/or employment by the Company, the Franchisor has the exclusive rights to all ideas, improvements, and innovations relating to a Black Rock Bar & Grill Restaurant, which I conceive, develop or help develop during my training and/or employment.

4. I understand that the Company is an independently owned and operated Black Rock Bar & Grill Restaurant franchisee and is my sole employer and solely responsible for the terms and conditions of my employment and my compensation. I further understand that the Franchisor is not directly or indirectly my employer and that the Franchisor is granted rights under this Agreement solely for the purpose of protecting the Black Rock Bar & Grill systems and brand and its Confidential Information.

5. My obligations under this Agreement will be binding on me and my heirs and personal representatives and will inure to the benefit of the Company and the Franchisor and their successors and assigns. My obligations arising out of this Agreement are in addition to and are not in any manner limitations on all obligations not to use or disclose the Company’s or the Franchisor’s Confidential Information as provided by law, whether expressly or by implication.

6. I acknowledge that my breach of this Agreement will cause the Company and/or Franchisor irreparable harm. I, therefore, agree that the Company will be entitled to an injunction enjoining me and restraining me from performing and continuing to commit any violation or breach of this Agreement, in addition to any other rights and remedies it might have. Also, the Company will be entitled to recover all costs and expenses from me, including actual attorneys’ fees and costs incurred in enforcing this Agreement. These remedies are cumulative and not alternative and will be in addition to every remedy given under this Agreement, any other agreement between me and the Company, or now or later existing at law or in equity, by statute or otherwise. The election of one or more remedies will not constitute a waiver of any right to pursue other remedies.

7. I agree that Franchisor is a third-party beneficiary of this Agreement and has the right independently of the Company to enforce the provisions of this Agreement.

8. I acknowledge and agree that the restrictions, rights, and remedies contained in this Agreement are reasonable, valid, and enforceable. However, if a court of competent jurisdiction finds any of the provisions of this Agreement to be too broad to be enforceable, such provision shall be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable, bearing in mind that the purpose of this Agreement is to provide the broadest possible protection against disclosure of the Confidential Information.

9. I agree that this Agreement, for all purposes, will be construed in accordance with the laws of the State of Michigan without regard to conflicts-of-law principles.

10. I have had an opportunity to review all the terms of this Agreement with my attorney and/or advisors and have read, understand and voluntarily accept all the terms of this Agreement.

11. I agree that any litigation will only be conducted on an individual, not a class-wide basis, and that a litigation proceeding between me and the Company or the Franchisor may not be consolidated with any other litigation proceeding between me and the Company or the Franchisor and any other person, corporation, limited liability company, partnership or other entity. I waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

12. AFTER CONSULTING WITH MY ATTORNEY OR HAVING THE OPPORTUNITY TO DO SO, I KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY (AND WITHOUT DURESS OR COERCION) WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON OR ARISING OUT OF THIS AGREEMENT OR BASED ON ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION RELATING TO THIS AGREEMENT. I WILL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS WILL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ME OR THE COMPANY EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ME AND THE COMPANY.

	ACCEPTED:
_____ Signature of Employee/Trainee	_____ The Company
_____ Type or Print Employee/Trainee Name	By: _____
	Its: _____
Dated: _____	Dated: _____

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 6

**AUTHORIZATION AGREEMENT FOR
AUTOMATIC DEPOSITS**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC. ("COMPANY")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries each week (in the amount of the royalty fee, brand development fund fee, and/or any other payments, including without limitation, liquidated damages, fines, penalties, or interest, due to Sizzling Black Rock Steak House Franchising, Inc. and/or its affiliates) to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Sizzling Black Rock Steak House Franchising, Inc. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

This authorization is to remain in full force and effect until the Depository receives a replacement Authorization agreement from Depositor. Depositor acknowledges that revocation of this Authorization agreement may constitute an event of default under the Franchise Agreement.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until the Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Print Depositor Name

Date Signed

Depositor Signature (as printed above)

Daytime Phone Number

Email Address

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Please Return Form to:

Sizzling Black Rock Steak House Franchising, Inc,
30553 S Wixom Rd. Suite 300
Wixom, Michigan 48393

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
BLACK ROCK BAR & GRILL DISTRIBUTION CO. ("SUPPLIER")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries (in the amount of any payments, including without limitation, payments for equipment and products, due to Black Rock Bar & Grill Distribution Co.) to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Black Rock Bar & Grill Distribution Co. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

This authorization is to remain in full force and effect until the Depository receives a replacement Authorization agreement from Depositor. Depositor acknowledges that revocation of this Authorization agreement may constitute an event of default under the Franchise Agreement.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until the Supplier has received written notification from me (or either of us) of its termination in such time and in such manner to afford Supplier and Depository a responsible opportunity to act on such request.

Print Depositor Name

Date Signed

Depositor Signature (as printed above)

Daytime Phone Number

Email Address

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Please Return Form to:

Black Rock Bar & Grill Distribution Co.,
30553 S Wixom Rd. Suite 300
Wixom, Michigan 48393

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHISE AGREEMENT**

ATTACHMENT 7

**INTERNET ADVERTISING, SOCIAL MEDIA, ELECTRONIC MEDIA, AND
TELEPHONE ACCOUNT AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, ELECTRONIC MEDIA, AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between BLACK ROCK STEAK HOUSE FRANCHISING, INC., a Michigan corporation, (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Black Rock Bar & Grill business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings and other electronic communication assets and media linked to the Black Rock Bar & Grill brand; and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to, including without limitation, certain electronic communication assets and media, certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to, including without limitation, those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other electronic communication asset and media listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Michigan, without regard to the application of Michigan conflict of law rules, and with the Michigan Franchise Investment Law being exempt unless the jurisdictional requirements are met.

3.9 Venue. Venue for any proceeding relating to or arising out of this Agreement shall be the state in which Franchisor's principal place of business is located at the time the action is filed

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:
BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
FRANCHSIE AGREEMENT**

ATTACHMENT 8

AMERICANS WITH DISABILITIES ACT CERTIFICATION

Sizzling Black Rock Steak House Franchising, Inc., a Michigan corporation (“Franchisor”) and _____ (“Franchisee”) are parties to a franchise agreement dated _____ for the operation of a Black Rock Bar & Grill Restaurant at _____ (the “Franchised Business”). In accordance with Section 2.3 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee’s knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Business. Franchisee acknowledges that Franchisee has relied on the information contained in this certification. Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

**Exhibit C to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

MULTI-UNIT OPERATOR AGREEMENT

SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.

MULTI-UNIT OPERATOR AGREEMENT

MULTI-UNIT OPERATOR

DATE

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ATTACHMENTS:

- 1- Certification by Multi-Unit Operator
- 2 - Minimum Performance Schedule and Reservation Fee
- 3 - Exclusive Area

SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.

MULTI-UNIT OPERATOR AGREEMENT

THIS MULTI-UNIT OPERATOR AGREEMENT (“Agreement”) is made and entered into by and between SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC., a Michigan corporation, having its principal address 30553 S Wixom Road, Suite 300, Wixom, Michigan 48393 (“we”, “us” or “our”), and _____, an individual residing at _____ (individually and together herein “Multi-Unit Operator,” “you,” or “your”) on the date this Agreement is executed by us below.

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of a full service restaurant operating under the name “Black Rock Bar & Grill” which offers Australia-style rock cooking where certain menu items are cooked on a hot volcanic rock at the customer’s table, as well as a diverse menu offering steaks, seafood, pasta, burgers, soup, salads and beverages (including alcoholic beverages) on a dine-in and take-out basis (“Restaurant” or “Franchised Business”);

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain principal service marks, trademarks, trade names, logos, emblems and indicia of origin, including, but not limited to, the mark “Black Rock Bar & Grill” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks”);

WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service; and

WHEREAS, you and your Principals (as defined in any Franchise Agreement between us and you or an affiliate of yours) wish to obtain certain development rights to open and operate Restaurants operating under the Marks and the System within the Exclusive Area described in this Multi-Unit Operator Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1

GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Operator Agreement, certain development rights (“Development Rights”) to establish and operate the number of franchised Restaurants specified in Attachment 2 to this Agreement, and to use the Marks and System solely in connection therewith, at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 2 of this Agreement (hereinafter “Minimum Performance Schedule”). Each Restaurant developed hereunder shall be located in the area described in Attachment 3 of this Agreement (hereinafter “Exclusive Area”). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Black Rock Bar & Grill Restaurant to be developed hereunder.

1.2 Each Restaurant for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Restaurant in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2

RESERVATION FEE

In consideration of the Development Rights granted herein, you shall pay to us the Reservation Fee specified in Attachment 2 of this Agreement, which is calculated as Twenty-Five Thousand Dollars (\$25,000) multiplied by the total number of Restaurants to be developed pursuant to this Agreement. The Reservation Fee is payable in a lump sum upon execution of this Agreement.

You acknowledge and agree that the Reservation Fee shall be fully earned by us upon execution of this Agreement, is not refundable, and will not be credited against any other fees you may pay to us pursuant to this Agreement or any Franchise Agreement.

SECTION 3

SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Restaurants and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to accept or decline the site in our sole discretion. If the site is accepted, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and in accordance with the Minimum Performance Schedule. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof. Under no circumstances may you open a Restaurant for business unless we have accepted the site in writing, there is a fully executed Franchise Agreement in place for that Restaurant and you have been paid all amounts due to us under such Franchise Agreement, as amended.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

The initial franchise fee to be paid by you shall be Twenty-Five Thousand Dollars (\$25,000) for each Restaurant to be developed hereunder, which shall be payable in a lump sum upon the execution of each Franchise Agreement. You shall also pay any other initial and continuing fees in accordance with the terms of the Franchise Agreement.

3.4 You acknowledge that the approval of a particular site for a Restaurant by us shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site.

3.5 You shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Restaurant to be opened pursuant to said Franchise Agreement. You must personally sign each Franchise Agreement as a principal. In no event shall you relinquish control over each or any entity operating each Restaurant except pursuant to an authorized transfer, as described in Section 11.

SECTION 4

DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may or may not, in our sole discretion, include the right to develop Restaurants at any "Non-Traditional Sites." Non-Traditional Sites include without limitation military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof, and other mass gathering locations or events.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2 and the Minimum Performance Schedule, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Restaurants within the Exclusive Area subject only to the territorial rights granted to you with respect to Restaurants operated by you pursuant to the Franchise Agreements and subject, further, to the right of first refusal described in Section 6 below.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Exclusive Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

4.4.2 to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to a Restaurant;

4.4.3 to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate; and

4.4.4 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Exclusive Area.

4.5 If, during the term of this Agreement, a Non-Traditional Site becomes available in your Exclusive Area, then we may, in our sole discretion, offer to you the opportunity to develop a Restaurant at such Non-Traditional Site. You shall have thirty (30) days after receipt of our notice in which to accept or decline this right of first refusal. Your failure to notify us within such thirty (30) day period shall be interpreted that you have declined the right of first refusal. Nothing in this Agreement shall require us to provide you with a right of first refusal for a Non-Traditional Site.

SECTION 5

RENEWAL

5.1 This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Restaurants, we will, in good faith, negotiate a new Multi-Unit Operator Agreement with you.

SECTION 6

TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Attachment 2.

6.2 Upon completion of the Minimum Performance Schedule, if we determine that it is desirable to operate one or more additional Restaurants in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Restaurants upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Reservation Fee and the payment of the then-current initial fees upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Restaurants. You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to such additional Restaurants. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Restaurants to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Restaurants.

SECTION 7

YOUR OBLIGATIONS

7.1 You acknowledge, represent, warrant, covenant, and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurants within the Exclusive Area. You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3 Except as provided herein, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through

alternative distribution channels outside or inside of the Exclusive Area and to use the Marks in connection therewith.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Black Rock Bar & Grill Restaurant.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 You will operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and Social Security taxes, trade name and advertising restrictions, building codes, and handicap access. In particular, and not in limitation of the foregoing, you shall comply with the Americans with Disabilities Act.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed and the initial fee for such Restaurant has been paid.

7.1.10 You and any Principal who are not U.S. citizens will maintain an immigration status that allows the same to live and work in the United States during the term of this Agreement.

SECTION 8

OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Assist you in determining the layout and configuration of each Restaurant once the location has been approved. After you and we have determining the layout and configuration of each Restaurant, you must arrange for site plan and build-out plans and specifications to be prepared and submitted to us for our review.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators.

SECTION 9

DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 If you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us or fail to maintain any covenant made to us in connection with obtaining this Multi-Unit Operator Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you or a Principal is convicted of, pleads guilty or no contest to, or we have reasonable proof that you or a Principal has committed: (i) a crime, offense or misconduct for which the minimum penalty includes imprisonment for more than one year; or (ii) any crime, offense or misconduct for which the minimum penalty includes imprisonment for one-year or less or that involves fraud or dishonesty or is in any other way relevant to the operation or reputation of the Franchised Business, System, Marks or the goodwill associated with the Marks.

9.1.8 If you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted

against you and not dismissed within thirty (30) days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you, or any of your affiliates cease to operate all of the Restaurants developed pursuant to the terms of this Agreement.

9.1.10 If you or any of your principals display evidence of sexual harassment, substance abuse, abusive behavior, or any other conduct that we believe is reasonably likely to have an adverse effect on the System, the Marks, the Restaurant, the goodwill associated therewith, or our interests therein.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you have any interest, direct or indirect, in the ownership or operation of any food service business engaged in the sale of products similar to those permitted to be sold by you within the Exclusive Area or in any food service business which looks like, copies or imitates the Restaurant or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement with us.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed and the initial fee due to us has been paid.

SECTION 10

OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us.

10.1.3 To immediately pay to us, as fair and reasonable liquidated damages an amount equal to Twenty-Five Thousand Dollars (\$25,000) for each Restaurant you fail to develop. You agree that this amount is not a penalty and is for lost revenue from Royalties and other amounts payable to us, including the fact that you were holding the development rights for those Restaurants and precluding the development of certain other Restaurants in the Exclusive Area, and that it would be difficult to calculate with certainty the amount of damages we will incur. Notwithstanding this agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including without limitation, consequential damages and lost future revenue.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11

TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, license, devise, bequest, distribute to a trust beneficiary, give away, pledge, mortgage, or otherwise encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 In the event of your death, disability or permanent incapacity, you or your legal representative must transfer all of your interest to your spouse, heirs or relatives, by blood or marriage, with our consent, or if this Agreement was originally executed by more than one parties, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11.6 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under Section 11.7 below.

11.3 You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction shall be deemed an event of default.

11.4 If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name(s) and address(es) of each prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.4, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party. The third party must be comprised of sole individuals that shall enter into and execute all agreements with us personally. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request.

If we decline or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.5 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.6 Except as provided in Section 11.3 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.6.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.6.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.6.3 You are not in default hereunder.

11.6.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.6.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our then current form of Multi-Unit Operator Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.6.6 You will execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.6.7 You or transferee pay to us a transfer fee in an amount equal to fifty percent (50%) of our then-current initial franchise fee for a single unit franchise to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.6.8 You and any principal shall personally guarantee the transferee's performance of its respective transfer obligations.

11.7 Our consent to a transfer by you or of any of the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it

be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.8 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

11.9 You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Sizzling Black Rock Steak House Franchising, Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

11.10 At our election, at any time, we will have the right (but not the obligation) to purchase any or all of your Restaurants developed under this Agreement, which may include, but not be limited to, all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of such Restaurant(s) (collectively, the “Restaurant Assets”), as well as the Development Rights. Our option shall be exercisable by providing you with ninety (90) days’ written notice of our intention to exercise the option. You must sign all documents relating to the assignment and transfer as are reasonably necessary for purchase of the Restaurant(s) or its assets by us. The option described in this Section 11.10 will not operate to limit our right to purchase your Restaurant Assets in the manner described in Section 18.12 of the Franchise Agreement in the event of the expiration or termination of such Franchise Agreement. The purchase price will be established by, and subject to, the following terms:

(a) If a Restaurant has been open and in operation for less than one (1) year, the purchase price will be an amount equal to two hundred percent (200%) of the cumulative cost to you for all of the Restaurant Assets (per Restaurant); or

(b) If a Restaurant has been open and in operation for one (1) year or longer, the purchase price will be an amount equal to six (6) times the Restaurant’s EBITDA (per Restaurant). “EBITDA” means, in respect of any twelve (12) month period, the Restaurant’s earnings before interest on borrowed money, income tax, depreciation and amortization, as determined in accordance with U.S. generally accepted accounting principles (commonly referred to as “GAAP”). EBITDA shall be calculated based on your subject Restaurant’s net reported earnings as reported on your most recent income statement or balance sheet covering the preceding twelve (12) month period, plus, to the extent deducted in determining such net income and without duplication: (i) your interest expenses on borrowed money for such period; (ii) your current income taxes for such period; (iii) depreciation of the Restaurant Assets for such period; and (iv) amortization of the Restaurant for such period.

(c) You understand the price may be a premium price above fair market value and does not vest any rights in you.

11.10.1 If we elect to exercise our option to purchase the Restaurant, we will have the right to set off all amounts due from you under this Agreement, the subject Franchise Agreement(s) or any other agreements between the parties, and the cost of the appraisal, if any, against any payment to you.

11.10.2 The time for closing of the purchase and sale of each subject Restaurant as described in this Section 11.10 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date.

SECTION 12 **COVENANTS**

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, any and all information, knowledge, know-how, techniques and any materials used in or related to the System, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, food preparation, preparation of any items using the “cook-on-stone” concept recipes, and the terms of this Agreement. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any restaurant or food service business other than the Franchised Business which offers and sells the same or substantially similar food products, or that does any kind of table side cooking which includes the use of the “cook-on-stone” concept and which menu offers more than 20% of its items as steaks (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Restaurant, including a restaurant which offers and sells the same or substantially similar food products, and one uses the cook-on-stone” concept for any items (a “Competitive Business”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty-five (25) miles of any Black Rock Bar & Grill Restaurant in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within

the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Restaurant in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13

NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, or delivered by a reputable overnight courier to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 The parties hereto hereby acknowledge and agree that, except as expressly provided in this Agreement, each is an independent contractor, that no party shall be considered to be the agent, representative, master, or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Nothing in this Agreement shall be construed to create a relationship of employment, partners, joint venturers, fiduciaries, or any other similar relationship among the parties.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION 15

APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16

NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17

SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement and all Exhibits or Attachments may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument. This Agreement and all Exhibits or Attachments may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

SECTION 18

ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Michigan, with the Michigan Franchise Investment Law being exempt unless the jurisdictional requirements are met, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the state and county in which our principal place of business is located at the time the action is filed.

SECTION 19

DISPUTE RESOLUTION

19.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.3. If we and you cannot agree on a location, the mediation will be conducted in county and state in which our principal place of business is located at the time the mediation is commenced. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.3.

19.3 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in the state and county in which our principal place of business is located at the time the action is filed under the authority of Michigan Statutes. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Michigan Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Michigan Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.4 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit yourselves to the jurisdiction of the state courts of Michigan and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Michigan or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county and state in which our principal place of business is located at the time the action is filed; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Michigan law, with the Michigan Franchise Investment Law being exempt unless the jurisdictional requirements are met.

19.5 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.4 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.6 You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, including our officers, directors, shareholders, partners, and either parties agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall

be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other.

19.7 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20

TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Restaurants in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage. Force Majeure shall not include your lack of financing.

SECTION 21

Intentionally deleted.

SECTION 22
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us below.

THE PARTIES hereto have duly executed and delivered this Agreement as of the below Effective Date.

MULTI-UNIT OPERATOR:

FRANCHISOR:
BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: _____

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer
Accepted On: _____
(the "Effective Date")

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
MULTI-UNIT OPERATOR AGREEMENT**

**ATTACHMENT 1
CERTIFICATION BY MULTI-UNIT OPERATOR**

The undersigned, personally does hereby certify that s/he has conducted an independent investigation of the business contemplated by this Multi-Unit Operator Agreement and the Sizzling Black Rock Steak House Franchising, Inc. Franchise Agreement, and that the decision to execute the Multi-Unit Operator Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that s/he understands the risks involved in this investment.

THE UNDERSIGNED has signed this Certificate on _____.

Name: _____

Name: _____

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
MULTI-UNIT OPERATOR AGREEMENT**

ATTACHMENT 2

MINIMUM PERFORMANCE SCHEDULE AND RESERVATION FEE

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate _____ (____) “Black Rock Bar & Grill” Restaurants pursuant to a Franchise Agreement for each Restaurant.

The following is Multi-Unit Operator’s Minimum Performance Schedule:

Minimum Cumulative Number
of Franchise Agreements for
Restaurants to be located
and Operating
Within the Exclusive Area

By this Date

Total: _____

The Reservation Fee is \$ _____.

This Agreement shall be deemed completed, and this Agreement shall expire, upon the opening of the final Restaurant to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT OPERATOR:

FRANCHISOR:
BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____

Name: _____

By: _____

Name: Branden Morganroth

Title: Chief Financial Officer

**SIZZLING BLACK ROCK STEAK HOUSE FRANCHISING, INC.
MULTI-UNIT OPERATOR AGREEMENT**

ATTACHMENT 3

EXCLUSIVE AREA

The following describes the Exclusive Area within which Multi-Unit Operator may locate “Black Rock Bar & Grill” Restaurants under this Agreement:

APPROVED:

MULTI-UNIT OPERATOR:

By: _____
Name: _____

FRANCHISOR:
BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

**Exhibit D to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

LIST OF FRANCHISEES

(As of December 31, 2024)

Franchisees:

FLORIDA	
BR Strong, LLC 11702 N. Dale Mabry Hwy, Tampa, FL 33618 (813) 321-3577	BG & NK Holdings, LLC 6200 N Federal Hwy Fort Lauderdale, FL 33308 (954) 368-2525
MARYLAND	
413 Hagerstown, LLC 17301 Valley Mall Road Hagerstown, MD 21740 (240) 850-3365	
MICHIGAN	
JKK Restaurant Group, Inc. 41601 Ford Rd, Canton MI 48187 (734)927-7800	BR Ann Arbor LLC 3776 S. State St. Ann Arbor, MI 48108 (734) 992-7625
BR Davison, LLC 1015 N. Irish Road Davison, MI 48423 (810) 652-6688	Black Rock Novi, Inc. 44175 W 12 Mile Rd, Suite F-145, Novi MI 48377 (248)465-7777
BR Portage LLC 550 Trade Center Way Portage, MI 49002 (269)459-9427	BR Utica, Inc. 12515 Hall Rd. Utica MI, 48315 (586) 488-1747
OHIO	
BR Toledo, Inc. 5001 Monroe St. Toledo, OH 43623 (419)720-7625	Beaver Creek, LLC 2745 Fairfield Commons Blvd Beaver Creek Township, Ohio 45431 (937) 988-0026

FRANCHISEES WHO HAVE LEFT THE SYSTEM

(As of December 31, 2023)

Franchisees:

BR Windermere LLC
8965 Conroy Windermere Rd,
Orlando, FL 32835
(407) 217-7170

Black Rock Partners, LLC
(248) 318-6914

Black Rock Grand Rapids, LLC
8225 Grand River
Brighton, MI 48114
(810) 772-3672

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Exhibit E to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

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**Exhibit F to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

STATE SPECIFIC ADDENDUM

REQUIRED BY THE STATE OF CONNECTICUT

DISCLOSURE REQUIRED BY CONNECTICUT LAW: The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

1. If the franchisor fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the franchisor in writing and demand that the contract be cancelled.

2. Pursuant to Section 36b-63(b)(4) of the Connecticut Business Opportunity Investment Act, Item 3 of the Disclosure Document is hereby amended to state that the Company, its Officers, Directors and Sales Representatives have not been subject to disciplinary actions. During the previous ten fiscal years, no person has been convicted of a felony, been held liable in a civil action, or is subject to any current effective state or federal agency or court injunctive or restrictive order.

3. Pursuant to Section 36b-63(b)(5) of the Connecticut Business Opportunity Investment Act, Item 4 of the Disclosure Document is hereby amended to state that during the previous ten fiscal years, no person listed in Item 2 has: (A) filed in bankruptcy; (B) been adjudged bankrupt; (C) been reorganized due to insolvency; or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The Franchise Agreement Article 4 and Multi-Unit Operator Agreement Section 2 are amended to state:

In the State of Illinois, all fees are deferred until all initial obligations owed the Franchisee by the Franchisor or affiliates have been completed and the Franchisee has commenced doing business/opened for business. The reservation fee is deferred until the first franchise is open. However, you must execute the Franchise Agreement prior to looking for a site or beginning training. This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

For info about obtaining a liquor license in Illinois, see:
<https://www.Illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info on becoming ServSafe certified in Illinois, see:
<https://cmsstaging.servsafe.com/regulatory-information/manager-Illinois-certification>

For info on becoming TIPS certified in Illinois, see:
<https://www.tipscertified.com/tips-state-pages/Illinois>

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

PRINCIPAL:

By: _____
Name: _____
Date: _____

FRANCHISOR:
BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer
Date: _____

STATE ADDENDUM FOR THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Sizzling Black Rock Steak House Franchising, Inc.'s Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The appropriate sections of the Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Acknowledgment Statement (Attachment 9) are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

9. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all multi-unit operator fees and initial payments by operators shall be deferred until the first franchise under the MUOA opens.

10. No statement, questionnaire, or acknowledgement signed or agreed to by franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming

reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

PRINCIPAL:

By: _____

Name: _____

Date: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE

FRANCHISING, INC.

By: _____

Name: Branden Morganroth

Title: Chief Financial Officer

Date: _____

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement (Attachment 6, Attachment 9 and Exhibit F) are amended as follows:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld."

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

PRINCIPAL:

By: _____

Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE

FRANCHISING, INC.

By: _____

Name: Branden Morganroth

Title: Chief Financial Officer

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____
Name: _____
Title: _____

PRINCIPAL:

By: _____
Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE
FRANCHISING, INC.

By: _____
Name: Branden Morganroth
Title: Chief Financial Officer

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

THE PARTIES HERETO have duly executed this Addendum on _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

PRINCIPAL:

By: _____

Name: _____

FRANCHISOR:

BLACK ROCK STEAK HOUSE

FRANCHISING, INC.

By: _____

Name: Branden Morganroth

Title: Chief Financial Officer

**Exhibit G to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State Administrator	Agent for Service of Process in State
California (filing required) Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, California 94104 Department of Financial Protection and Innovation 320 W. 4 th Street, Suite 750 Los Angeles, California 90013 Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, California 95834 (866) 275-2677	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, California 94104 Department of Financial Protection and Innovation 320 W. 4 th Street, Suite 750 Los Angeles, California 90013 Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, California 95834 (866) 275-2677
Hawaii (filing required) Franchise & Securities Division State Department of Commerce P.O. Box 40 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois (filing required) Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana (filing required) Franchise Division Office of Secretary of State 302 W. Washington St., Rm. E111 Indianapolis, IN 46204 (317) 232-6681	Indiana Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204

State Administrator	Agent for Service of Process in State
<u>Maryland (filing required)</u> Franchise Office Division of Securities 200 St. Paul Place - 20th Floor Baltimore, MD 21202 (410) 576-6360	<u>Maryland</u> Maryland Securities Commissioner 200 St. Paul Place, 20th Floor Baltimore, Maryland 21202-2020
<u>Michigan (only notice required)</u> Consumer Protection Division Franchise Section PO Box 30213 Lansing MI 48909	<u>Michigan</u> Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910
<u>Minnesota (filing required)</u> Franchise Division Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<u>Minnesota</u> Minnesota Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101
<u>New York (filing required)</u> NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	<u>New York</u> New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231
<u>North Dakota (filing required)</u> Franchise Division Office of Securities Commission 600 East Boulevard - 5th Floor Bismarck, ND 58505 (701) 328-2910	<u>North Dakota</u> Securities Department 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505
<u>Oregon (no filing)</u> Corporate Securities Section Dept. of Insurance & Finance Labor & Industries Bldg. Salem, OR 97310 (503) 378-4387	<u>Oregon</u> Director Department of Insurance and Finance 21 Labor and Industries Building Salem, Oregon 97310
<u>Rhode Island (filing required)</u> Franchise Office Division of Securities 233 Richmond St. - Suite 232 Providence, RI 02903 (401) 222-3048	<u>Rhode Island</u> Director of Department of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232
<u>South Dakota (filing required)</u> Franchise Office Division of Securities 910 E. Sioux Avenue Pierre, SD 57501 (605) 773-4013	<u>South Dakota</u> South Dakota Division of Securities 445 E. Capitol Avenue Pierre, South Dakota 57501

State Administrator	Agent for Service of Process in State
<u>Virginia (filing required)</u> Franchise Office State Corporation Commission 1300 E. Main St. Richmond, VA 23219 (804) 371-9276	<u>Virginia</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
<u>Washington (filing required)</u> The Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 Voice: (360) 902-8760 Fax: (360) 586-5068	<u>Washington</u> Director of Department of Financial Institutions General Administration Building Securities Division - 3 rd Floor West 210 – 11 th Street, SW Olympia, Washington 98504
<u>Wisconsin (filing required)</u> Franchise Office Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53701 (608) 266-3364	<u>Wisconsin</u> Department of Financial Institutions Division of Securities 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703

**Exhibit H to the
Sizzling Black Rock Steak House Franchising, Inc.
Franchise Disclosure Document**

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__ by and between Sizzling Black Rock Steak House Franchising, Inc., a Michigan corporation having its principal place of business located at 30553 S Wixom Rd. Suite 300, Wixom, Michigan 48393 (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Release by Releasor:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Michigan law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Michigan.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

(Name)

Witness:

SIZZLING BLACK ROCK STEAK HOUSE
FRANCHISING, INC.:

By: _____
Name: _____
Title: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	Pending
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit I
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Sizzling Black Rock Steak House Franchising, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sizzling Black Rock Steak House Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit G.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Lonny Morganroth 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625	Branden Morganroth 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625	Jeff Cox 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625
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I received a Disclosure Document dated April 30, 2025 that included the following Exhibits:

A – Financial Statements	F – State Specific Addendum
B – Franchise Agreement	G – State Agencies/Agents for Service Of Process
C – Multi-Unit Operator Agreement	H – Form of General Release
D – List of Franchisees and Franchisees Who Have Left the System	I – Receipt
E – Table of Contents of Operations Manual	

This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

(KEEP THIS COPY FOR YOUR RECORDS)

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Exhibit I
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Sizzling Black Rock Steak House Franchising, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sizzling Black Rock Steak House Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit G.

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Lonny Morganroth 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625	Branden Morganroth 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625	Jeff Cox 30553 S Wixom Road, Suite 300 Wixom, Michigan 48393 (844) 755-7625
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This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Return the signed receipt to **Sizzling Black Rock Steak House Franchising, Inc.**, 30553 S Wixom Rd. Suite 300, Wixom, Michigan 48393