

FRANCHISE DISCLOSURE DOCUMENT

BACK NINE GOLF GROUP, LLC

A Utah limited liability company

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Washington, Utah 84780

(435) 414-3446

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www.thebackninegolf.com/



You will operate an indoor golf simulator business for the benefit of subscribing members and the general public under The Back Nine™ name and marks.

The total investment necessary to begin operation of a The Back Nine franchise is \$276,050 to \$603,550500. This includes \$50,000 that must be paid to the franchisor or affiliate.

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 this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

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

Issuance Date: April 17, 2025.

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 requires you to resolve disputes with us by mediation and litigation only in Utah. 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 Utah than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
4. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
6. **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.

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

Note 1. “Gross Revenue” Defined. “Gross Revenue” means “receipts and income of any kind from all products or services sold from or through the BACK NINE Store, including any such sale of products or services made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, less returns for which refunds are made, provided that the refund shall not exceed the sales price and exclusive of discounts, sales taxes and other taxes, amounts received in settlement of a loss of merchandise, shipping expenses paid by the customer. “Gross Revenue” shall also include the fair market value of any services or products received by the Franchisee in barter or in exchange for its services and products.

Note 2. Financial Position and Gross Revenues Reporting. You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Revenues for the preceding month. The report must be in the form we designate. All payments based upon the Gross Revenues for the preceding month must be submitted with the report. Additionally, Franchisor may implement software systems which may fully integrate your payment processing and financial reporting, which may require you to provide Franchisor with access to reporting metrics.

Note 3. Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenues for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenues or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Marketing Fees, and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under the Franchise Agreement or by law.

Note 4. Regional Advertising Cooperative. Contributions to a cooperative are in addition to your required Brand Fund contributions. Any contributions made by you to an advertising cooperative will be credited against your required local advertising expenditures. There are currently no cooperatives in the System.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee ¹	\$50,000	\$50,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Us
Travel expenses while training ²	\$1,000	\$5,000	As required by suppliers of transportation, lodging & meals	Before opening	Suppliers of transportation, lodging & meals
Real Estate Improvements ³	\$25,000	\$150,000	As required by suppliers, contractor and/or landlord	Before opening	Suppliers, contractor and/or landlord
Signage	\$5,000	\$15,000	As required by suppliers	Before opening	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
Equipment ⁴	\$156,050	\$251,000	As required by suppliers	Before opening	Suppliers, Designated Suppliers
Miscellaneous Supplies ⁵	\$3,000	\$3,000	As required by suppliers and vendors	Before Opening	Suppliers and Vendors
Initial Supply of Advertising Materials ⁵	\$3,000	\$3,000	As required by suppliers	Before and after opening	Suppliers
Premises Deposit ⁶	\$2,000	\$9,500	As required by landlord	Before opening	Landlord
Rent (3 months)	\$6,000	\$28,500	As required by landlord	After opening	Landlord
Internet/Utilities (3 months)	\$1,800	\$2,500	As required by providers	After Opening	Providers
Furniture	\$5,000	\$25,000	As required by suppliers	Before opening	Suppliers
Business Licenses and Permits ⁷	\$200	\$1,000	As incurred	Prior to Opening	Government Agencies, Local City
Insurance ⁸	\$1,000	\$2,000	As incurred	Upon operation	Insurers
Professional Fees ⁹	\$0	\$5,000	As required by providers	Before opening	Attorney, Accountant, Other Professional Service Providers
Security/Automation ¹⁰	\$7,500	\$25,000	As required by suppliers	Before opening	Suppliers
Utility Deposits ¹¹	\$1,500	\$3,000	As required by providers	Before opening	Providers
Additional Funds – 3 months ¹²	\$8,000	\$25,000	As incurred	After opening	Various
TOTAL	\$276,050 to \$603,550				

Note 1 – Initial Franchise Fee. Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The amounts stated in the table are for one outlet operated pursuant to a single Franchise Agreement.

Note 2 - Travel Expenses While Training. The initial training for up to three people is included in the initial franchise fee. However, you are responsible for all expenses you or your employees incur in attending and participating in the initial training program, including travel, lodging, meals, wages and benefits. These costs will vary depending upon your selection of lodging and dining facilities, mode and distance of transportation, and the wages payable to your employees.

Note 3 – Real Estate Improvements. This estimate includes the cost of adapting our prototypical architectural and design plans, construction costs (labor and material) for typical build-out and remodeling to prepare a site for operation of a Store, including general contractor fees, materials, and leasehold improvements. The necessary improvements may vary depending on your location, the condition of the premises, any tenant improvement

allowance awarded by your Landlord, and the changes necessary to meet our standards. We must approve your plans and specifications before you begin construction. Your actual construction costs will depend on numerous factors, such as the condition of the premises, duration of the building process (delays), contractors' fees, and availability of materials and equipment. Tenant improvement allowances, if any, paid to you can defray a significant portion of build-out costs.

Note 4 – Equipment. This estimate includes all initial equipment and fixtures for your Store, such as utility shelving, millwork, tables, simulators, TVs, speakers, computer hardware and software, door lock system, as well as optional equipment installation fees. The costs may vary somewhat depending on the size and layout of your Store and will depend on the number of simulators purchased, with the minimum of 3 simulators. The high end of the estimate is for 5 simulators. You must purchase your simulator equipment from Full Swing and the door lock system.

Note 5 – Miscellaneous Supplies/ Initial Supply of Advertising Materials. This estimate includes cleaning supplies, golf balls, tees, swag and other supplies required for the operation of your Franchised Business.

Note 6 – Premises Deposit. A Store is typically located in a commercially zoned area and is approximately 2,000 to 4,000 square feet in size. If you do not own adequate space, you must lease or purchase the location for your Store. Due to the cost of land acquisition and new construction, the estimated costs outlined in the table are based on you leasing the premises. You will make rental payments to the landlord that will vary greatly from site to site and are affected by a number of factors, including location, size, visibility, accessibility, and competitive market conditions. Lease security deposits are typically due upon signing and can potentially be refundable if you do not default on your lease. Depending on the real estate market in your area, you may be able to negotiate for a certain number of months of free rent and/or to negotiate the rent security deposit. Your lease may also require you to pay the last month's rent in advance. All franchisees are required to sign an assignment of lease to us in the event of expiration or termination of the Franchise Agreement. If you purchase the location, your costs may vary substantially based on the terms of your purchase.

Note 7 – Business Licenses and Permits. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The amount for licenses and permits can vary significantly, and you should verify specific amounts with local authorities. You may be required to pay a security deposit or other deposits for utilities and suppliers. Deposits for utility services are typically required at the time the service is applied for and may or may not be refundable. You must confirm all of the specific deposits required.

Note 8 – Insurance. We require you to obtain and keep in force insurance coverage we designate, which may be changed by us periodically. The current insurance requirements are set forth in Item 8. Your corporate and dba must be listed on the certificate of insurance and must name us as an additional insured. If we request, you must provide us with copies of all policies and endorsements. The table above contains the estimated cost of required insurance coverage for a three-month start-up period; however, the cost of insurance varies, depending upon the insurance company you select, lease requirements, variances in the cost of insurance by location, your claims history, and other factors. Whether insurance premiums are refundable depends on individual insurance carriers and the terms of the insurance policies.

Note 9 – Professional Fees. ~~You should retain an attorney to review the franchise related documents, real estate lease or sublease, or to assist in forming an entity such as a corporation, partnership, limited liability company or other entity. You should also retain an accountant for advice in establishing and operating your franchise business and filing necessary tax forms and returns. You may also engage other consultants related to the operation of the Store. You may incur professional fees depending on the scope of work performed, which may include legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document~~

and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

Note 10 – Security/Automation. This estimate includes cameras and the pairing and wiring with the door lock system.

Note 11 – Utility Deposits. Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

Note 12 – Additional Funds – 3 Months. This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses during the first 3 months after commencing operations. This estimate includes such items as initial payroll and payroll taxes, repairs and maintenance, bank charges, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you and does not include debt service costs.

We relied upon the experience of our affiliate-owned and franchised The Back Nine outlets to compile these estimates. Our first affiliate-owned outlet opened in 2021, and our first franchised outlet opened in 2022.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all equipment, fixtures, inventory, supplies and services from our designated suppliers, approved suppliers and contractors or in accordance with our specifications.

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 60 days after we receive all required information to evaluate the product or service. If we do not approve any request within 60 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards upon written notice to you. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we reserve the right to charge an evaluation fee equal to our actual costs of inspection and testing.

You must purchase your simulator equipment from our designated supplier Full Swing.

The designated supplier for your door lock system is Kisi.

You must use our designated architectural/engineering firm for the buildout and development of your site for the Franchised Business. You must purchase the neon screens and silicone screens from designated suppliers.

On April 14, 2023, Paramount Apparel International, LLC filed an Extension of Time to Oppose the application to register “THE BACK NINE” Mark (Registration No. 7,157,155). To prevent confusion in the marketplace, our predecessor, The Golf Studio, LLC subsequently entered into a Coexistence Agreement with Paramount Apparel International, LLC whereby the owner has consented to our use and registration of the “THE BACK NINE” Mark provided that neither we nor any predecessor or affiliate manufacture or sell clothing under “THE BACK NINE” Marks. On the basis of the Coexistence Agreement, the United States Patent and Trademark Office has granted registration of the Mark.

~~On June 28, 2024, Back Nine, LLC filed a Petition for Cancellation of “THE BACK NINE” Marks (Registration Nos. 7,157,155 & 7,040,922) on the grounds of priority and likelihood of confusion. We filed an Answer to each Petition of Cancellation on July 25, 2024. Motions to Extend were granted on October 9, 2024, as we are in settlement discussions regarding a coexistence agreement. Settlement negotiations are ongoing.~~

We intend to file all required affidavits and to file all renewal filings as they become due.

We also claim common law rights to the following word Marks:

BACK NINE
BACK NINE GOLF
WHERE GOLF NEVER SLEEPS

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system.

The Marks are our exclusive property. You will immediately notify us of any infringement of, or challenge to, your use of the trademarks. We will have sole discretion to take or not to take action, as we deem appropriate. We are not required to protect your rights to use the Marks or to protect you against claims for infringement or unfair competition arising out of your use of the trademarks. We have sole discretion as to whether to defend you against or indemnify you for expenses or damages incurred due to claims of infringement or unfair competition arising out of your use of the Marks. The franchise agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the trademarks, or if the proceeding is resolved unfavorably to you. We have the sole right to control any administrative proceedings or litigation involving the Marks.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing.

All goodwill associated with the trademarks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the trademarks, or any colorable imitation of them, combined with any other words or phrases.

We may change or modify any part of the trademarks at our sole discretion. You will accept, use, and protect, for the purposes of the franchise, all changes and modifications as if they were a part of the trademarks at the time the franchise agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to these changes or modifications.

Provision	Section in Franchise Agreement	Summary
		disclaim the representations we made in the franchise disclosure document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22.1	The Parties shall first submit disputes to Mediation in good faith, then may pursue available remedies, subject to state law.
v. Choice of forum	Section 22.1	Mediation and Litigation must be in Washington County, Utah, except as stated in State Addenda to this disclosure document. Subject to state law.
w. Choice of law	Section 22.1	Utah law applies except as otherwise provided in the Franchise Agreement and subject to state laws in those states whose laws require exclusive application and except to the extent governed by the United States Trademark Act.

ITEM 18: PUBLIC FIGURES

Kevin Kisner is considered a public figure based on his career as a professional golfer. Mr. Kisner does not receive any compensation for his promotion of The Back Nine franchise that is in addition to his compensation as a franchise investor. We do not pay Mr. Kisner for the right to use his name or for promoting sales of our franchise. Mr. Kisner does not manage or have any control in us or our franchise. We do not use any public figures 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.

We have 26 franchised The Back Nine outlets. ~~We have included the average historical financial representations for 5 franchised outlets. We have~~ We have excluded the 4 franchised outlets that have less than 3 simulator bays as we are no longer offering this model for franchising, ~~and the 17 franchised outlets that~~

opened in 2024. We have provided financial data reflecting averages as they would not present well as full 12 the last four (4) months of financial representations. data for our remaining 22 operating outlets.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

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BACK NINE
Item 19 Supporting Numbers

Total Revenue	Nov-24	Dec-24	Jan-25	Feb-25	Revenue	Revenue	Revenue	Expense
					Rolling 12 Month Average	Last 3 Month Average	Highest Single Unit Month	Rent
American Fork, UT - 3 Bays	10,330	15,958	24,425	29,114	13,964	23,166	29,114	7,250
Bradenton, FL - 3 Bays	3,146	6,003	9,941	4,590	5,920	6,845	9,941	4,144
Cedar City, UT - 3 Bays	17,836	15,136	35,370	9,554	12,572	20,020	35,370	3,088
Chandler, AZ - 3 Bays	13,832	17,200	26,957	21,402	15,182	21,853	30,542	6,456
Chattanooga, TN - 3 Bays	8,525	16,587	30,789	16,528	11,269	21,301	30,789	4,000
Franklin, TN - 3 Bays	21,062	35,948	64,043	33,835	26,557	44,608	64,043	6,750
Gilbert, AZ - 3 Bays	15,490	16,277	16,048	15,799	17,863	16,042	24,528	6,199
Glendale, AZ - 3 Bays			11,285	13,421	12,353	12,353	13,421	8,273
Henderson, NV - 3 Bays		25,015	12,801	12,801	16,873	16,873	25,015	6,458
Las Cruces, NM - 3 Bays	9,584	15,974	9,779	10,273	10,400	12,009	15,974	10,055
Lehi, UT - 3 Bays		12,106	24,160	19,537	18,601	18,601	24,160	8,924
Miramar Beach, FL - 3 Bays	12,070	7,386	13,239	20,575	10,692	13,733	20,575	8,789
Oldsmar, FL - 3 Bays	7,839	10,877	14,996	10,169	14,588	12,014	50,990	3,433
Omaha, NE - 3 Bays	12,391	20,717	27,655	17,131	13,233	21,834	27,655	5,291
Papillion, NE - 3 Bays			12,660	17,278	14,969	14,969	17,278	2,647
Pompton Plains, NJ - 3 Bays		51,244	53,635	45,838	50,239	50,239	53,635	10,476
Sandy, UT - 3 Bays	13,402	14,635	14,379	13,056	8,822	14,023	14,635	6,100
Scottsdale North, AZ - 3 Bays	20,261	20,698	21,415	23,019	18,422	21,711	25,146	7,648
Spanish Fork, UT - 3 Bays	10,796	12,392	16,059	11,936	10,388	13,462	16,059	3,194
Spartanburg, SC - 3 Bays	10,621	18,611	18,910	19,528	10,674	19,016	19,528	5,784
Tyler, TX - 3 Bays	21,513	32,336	34,173	29,977	28,157	32,162	36,004	5,538
West Midtown, GA - 3 Bays	10,385	15,720	23,544	23,752	15,489	21,005	23,752	8,415
					16,238	20,356	64,043	6,314
					Average	Average	Largest	Average

Monthly			
Rolling 12 Month Revenue Average	+\$25,000	\$24,000 - \$10,000	<\$10,000
Total Locations	3	17	2
Last 3 Month Average			
Rolling 12 Month Revenue Average	+\$25,000	\$24,000 - \$10,000	<\$10,000
Total Locations	3	18	1

- “Total Revenue” is calculated as the total gross revenue for The Back Nine location, including revenue from various different sources, which may include membership subscription revenue, hourly use revenue, advertising revenue, golf lesson revenue, events revenue, etc.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do 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

EXHIBIT B
FRANCHISE AGREEMENT



**BACK NINE GOLF GROUP, LLC –
FRANCHISE AGREEMENT**

Franchisee: _____

Effective Date: _____

Location: _____

LIST OF ATTACHMENTS

- Attachment 1 – Territory & Location
- Attachment 2 – Guaranty and Assumption of Franchisee Obligations
- Attachment 3 – Statement of Ownership in Franchisee Entity
- Attachment 4 – Authorization Agreement for Pre-Arranged Payments
- Attachment 5 – Permit, License, and Construction Certificate
- Attachment 6 – Confidentiality and Noncompetition Agreement
- Attachment 7 – Performance Benchmarks
- Attachment 8 –Lease Rider
- Attachment 9 – Phone Number Acknowledgment and Conditional Assignment
- Attachment 10 – Authorization for Electronic Funds Transfer
- Attachment 11 – Provisions Applicable to SBA Financing

specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise, or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a BACK NINE Fitness franchise during the Term of this Agreement.

16.7. FRANCHISEE'S DEATH OR DISABILITY.

Upon the death or permanent disability of the Franchisee (or individual owning twenty-five percent (25%) or more of, or controlling the Franchisee entity), the personal representative of such person shall transfer the Franchisee's interest in this Agreement or such interest in the Franchisee entity to an immediate family member, an entity partner, or an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all terms and conditions applicable to transfers contained in this Article 16. Provided, however, that for purposes of this Section 16.7, there shall be no transfer fee charged by the Franchisor. Failure to transfer the interest within said period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "PERMANENT DISABILITY" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee (or the owner of twenty-five percent (25%) or more of, or controlling, the Franchisee entity) from supervising the management and operation of THE BACK NINE Store for a period of One Hundred Twenty (120) days from the onset of such disability, impairment or condition.

16.8. SECURITY INTERESTS TO LENDER.

If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 10 are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

17. TERM AND EXPIRATION

17.1. TERM.

The term of this Agreement begins on the Effective Date this Agreement and ends ten (10) years later, unless sooner terminated as provided herein.

17.2. CONTINUATION.

ATTACHMENT 11

PROVISIONS APPLICABLE TO SBA FINANCING

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

- i. Approve the annual budget of the Franchised Business;
- ii. Have control over the bank accounts of the Franchised Business; AND
- iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.