



TRANSFER STEPS

The requirements for the Prospective Franchisee ("Buyer") will include:

1. Buyer needs to submit a Qualification Form (QF) and a signed and dated Receipt (Our Copy) confirming receipt of our Franchise Disclosure Document (FDD) to the Home Office and allow at least 14 calendar days from the day of receipt for Annex Brands, Inc. to institute the standard Committee Approval process to determine if qualified to be a franchisee. In addition to the above, a copy of the License Transfer Agreement (aka Purchase Agreement or Offer to Purchase) must be submitted to the Home Office in order to begin the Committee Approval process.
2. Prior to close of escrow and attending training, Buyer will need to execute the current Franchise Agreement that will describe what may be a new Protected Area (Attachment 3 of the Franchise Agreement).
3. Buyer pay to Franchisor a non-refundable \$4,000.00 Transfer Training and Processing Fee prior to attending the initial Annex Brands Inc. Training Class. Up to a total of four people may attend training throughout the term of the Buyer's Franchise Agreement without any additional Transfer Training and Processing Fee being charged.
4. Buyer pay to Franchisor a non-refundable \$330.00 Online Financial Training Portal License and Administrative Fee. This is a one-time fee which includes access for 12 months to the online financial training program (2 courses must be completed prior to Initial Training and the remainder of the courses to be completed within 6 months of taking possession of the Center). Additional information is outlined in the FDD.
5. Buyer to complete forms provided by the Home Office necessary to transfer the PostalMate Point-of-Sale Software License and/or other software required.
6. Open escrow and submit fully executed copies of escrow instructions to Annex Brands, Inc.
7. Either Current Franchisee ("Seller") or Buyer will deposit into escrow a non-refundable Transfer Fee of 15% of the then current non-discounted initial Franchise Fee for a standard unit (or the amount stated in Seller's FDD/Franchise Agreement ranging from \$3,500.00 to \$5,250.00) for administrative costs to be paid to Annex Brands, Inc. at close of escrow. Contact the Home Office to confirm the Transfer Fee.
8. Buyer will deposit into escrow before or at initial training a non-refundable New Center/New Owner Marketing Program Deposit of \$5,500.00 for Annex Brands, Inc. to market/promote the franchise business before, and for approximately 90 days after transfer.
9. Buyer to fully attend Annex Brands, Inc. Initial Training Class in San Diego and complete it successfully prior to the transfer. In addition, Buyer to have Seller provide in-store training after the close of escrow (generally one to two weeks).

10. Under the Uniform Commercial Code, publish a Bulk Sale Notice to inform all existing creditors of the impending sale so they may place demands into escrow. This must be published, depending upon the jurisdiction, from 12 to 30 business days prior to close of escrow. Do a search on the business for UCC-1 liens and/or federal or state tax liens. Some escrow/attorney/title companies may process as part of escrow.
11. Seller and/or Buyer comply with FDD/Franchise Agreement requirements to bring the center up to current standards, including specifications for tenant improvements, signage, and equipment, etc.
 - Two Point of Sale Computer Stations with auxiliary equipment that are networked are required. The cost of this upgrade may vary depending upon equipment in the center and current center compliance. Other image upgrades may be required.
 - Scales must conform to your State's Weights and Measures standards.
 - The new Franchisee will become a member of either a Single-Member Association (SMA) Ad Association or a Multi-Member Ad Association (regional) as well as participate in the 1% Matching Funds Program.
 - There may be new territorial boundaries for the center.
12. Buyer to execute an Assignment of Lease or a new Lease for retail space.
13. Buyer to apply for Notary, if applicable. Apply online at www.nationalnotary.org or call 1-800-US-Notary for information and local test dates.
14. Buyer to file and publish Fictitious Business Name Statement (aka DBA) or its equivalent in other states. Check with escrow/attorney/title company to see if they process the Fictitious Business Name Statement as part of the escrow.
 - a. Note: Your DBA can include your Center's brand name/our Trademark (i.e. PostalAnnex+, PostalAnnex, etc.) but it must include something in addition to the brand name/our Trademark (i.e. PostalAnnex+ Service Center #[Center Number], etc.).
15. Buyer to apply with IRS for Federal Employer ID Number. This can be done online at www.irs.gov.
16. Buyer to apply with the Employment Development Department in California (or its equivalent in other states) for State ID Number.
17. Buyer to register with the State Board of Equalization for a Seller's Permit in California (or its equivalent in other states) and pay a deposit (for new retailers) if applicable.
18. Buyer to apply and pay for new City Business License, if applicable.
19. Buyer to establish a business Bank Account.
20. It is recommended that the Seller and Buyer send a joint letter to all vendors notifying them of the transfer, escrow information and request for any necessary applications.

21. Seller and Buyer schedule a time to meet with the current center employees for the Buyers to offer employment to the employees. It is recommended that the Seller officially terminate the employees in writing and that the Buyer officially hire the employees in writing on the change of possession date.

22. Seller and Buyer work together to transfer or establish new accounts for other accounts and services offered in the store such as:

a. Shipping Accounts

❖ UPS

- Buyer and Seller to complete the necessary paperwork to transfer the existing UPS shipper number from the Seller to the Buyer.
- Annex Brands, Inc. will provide to the Buyer and Seller the forms and instructions to complete the transfer.

❖ FedEx

- Buyer to apply for a new FedEx account, complete the FASC (FedEx Authorized Ship Center) application, and register for the FedEx Supplier Management Portal (aka Vendor Management Portal).
- Annex Brands, Inc. will provide to the Buyer and Seller the instructions to complete the new account setup.

❖ DHL

- Buyer to apply for a new DHL account.
- Annex Brands, Inc. will provide to the Buyer and Seller the instructions to complete the new account set up.

❖ United States Postal Service (USPS)

- Create a new www.usps.com profile.
- Buyer to create a new www.usps.com profile.
- Buyer to complete and file a completed CMRA 1583-A Form with the local Post Master for the Center.
- Buyer to create a Business Customer Gateway (aka BCG) profile using your new USPS user name and password.
- Annex Brands, Inc. will provide to the Buyer and Seller instructions to complete the new account setup.

❖ Endicia

- Seller to transfer existing account to Buyer.
- Annex Brands, Inc. will provide instructions to the Buyer and Seller for the account transfer.

❖ Freight Shipping Accounts

❖ Other Accounts

b. Acceptance of Credit Cards (Cayan Genius, SignaPay, OpenEdge, etc.)

c. PM Tools with QuickBooks Integration

d. Money Orders and/or Money Grams, if applicable

- e. U-haul, Rider, or Penske, etc. (Landlord must approve)
- f. Acceptance of Utility Payments
- g. Internet Connection and Provider (DSL or high speed cable is recommended)
- h. Transfer Utilities (i.e. local and long distance phone and fax numbers, water, gas and electric)
- i. Alarm
- j. Digital Marketing, Advertising, Directory Listings, Google Business Profile, and Online Business Profiles, etc. (i.e. Yelp Ads, Email Marketing, LinkedIn, BBB, Yellow Pages, and Pay-Per-Click Ad Campaigns such as Google AdWords, etc.). If the services are provided through the Annex Brands, Inc. Home Office or if assistance is needed, please contact the Digital Marketing Team at 800-456-1525 or via email at digitalmarketing@annexbrands.com.
- k. Insurance (See Section 9.I of the Franchise Agreement for Requirements)
- l. PostalAnnex Center Email
- m. PostalAnnex Center Website
- n. Other Services and/or Accounts (i.e. LiveScan and/or Fingerprinting Services, Virtual Mailboxes, Shredding Services, Other Localized Carriers, Passport Expedited Services, Third Party Printing Services, Other Vendor Accounts, etc.)

This may or may not include the assignment of equipment leases and/or rentals depending on whether they will be assigned pursuant to Seller and Buyer's Purchase Agreement/License Transfer Agreement such as:

- a. Copy Machines and Maintenance Contracts
 - b. Postage Meter
 - c. Credit Card Machines
 - d. Other Equipment on Lease, Rented or Consigned (i.e. FotoZoomer, etc.)
23. Buyer inspect center to make sure equipment is in working order and/or take inventory if applicable, etc.
24. Update PostalMate, other software systems, PostalAnnex webmail account, and PostalAnnex center website with new account information and/or new owner information.