Explanation & Disclosure Summary

Franchise Transfer Requirements (PostalAnnex):

Franchise transfer requires buyer completion of Annex Brands' approval process, including the 14-day FDD review and mandatory Initial Training before closing. Fees such as transfer, training, marketing deposit, financial-training license, and any required upgrades apply per franchisor guidelines, and some items may vary or not apply depending on the individual franchise location.

- **Transfer Fee** – Pursuant to the Franchise Agreement, the Transfer Fee is 15% of the then-current non-discounted Initial Franchise Fee. The current Initial Franchise Fee is $35,000.00 which makes the Transfer Fee $5,250.00. However, we have agreed to reduce the Transfer Fee to $4,492.50 based on the non-discounted Initial Franchise Fee that is in Tom's current Franchise Agreements of $29,950.00.
- **New Center/New Owner Marketing Program Deposit** – Typically this is for EACH location, but we have agreed to only collect one (1) Deposit to be split between both locations if the same buyer purchases both locations together.

To recap, here are the fees/deposits that would be associated for EACH location:

1. $4,492.50 Transfer Fee (paid by either the Buyer or Seller or split and collected at the close of escrow).
2. $4,000.00 Transfer Training and Processing Fee (paid by the Buyer prior to attending initial training). Allows them to send up to four (4) people to training throughout the term of their Franchise Agreement. **Note:** If the same buyer purchases both locations together, only one (1) of these fees will apply.
3. $5,500.00 New Center/New Owner Marketing Program Deposit (paid by the Buyer at the close of escrow). This Deposit is used to market the location for the first 90 days after the transfer and is spent specifically on this location. **Note:** If the same buyer purchases both locations together, we agree to collect only one (1) Deposit and split it between both locations.
4. $330.00 Online Financial Training Portal License and Administrative Fee (paid by the Buyer prior to attending Initial Training). This is a one-time fee which includes access for 12 months to the online financial training portal for a 14-course 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. **Note:** If the same buyer purchases both locations together, only one (1) of these fees will apply.
5. $TBD Required Upgrades (paid by the Buyer, Seller or split and funds are held in escrow until the upgrades are completed). **Note:** Tom has submitted his inspection items to us and they are in the process of being reviewed. Upon the completion of review, I will prepare and email the Upgrade Lists to you and Tom indicating any upgrades that may be required and their estimated costs (if there are no upgrades required, the Upgrade List will indicate this).

Thanks!

Regards,

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