

Please note that these Service-Specific Supplemental Terms will apply to your Avalara Service upon upgrade or Service purchase made on or after September 30, 2026.

These Franchise Royalty Management Service-Specific Supplemental Terms ("**FRM Terms**") govern Customer's use of Franchise Royalty Management. These FRM Terms are in addition to, and incorporate by reference, the Avalara Service Terms and Conditions available at www.avalara.com/terms (the "**Terms**"). By using this Service, Customer is deemed a "Franchisor" under these FRM Terms. Any capitalized terms used in these FRM Terms and not defined have the meanings given in the Terms.

1. Definitions.

- a. "**Franchisee**" means the Party responsible for paying franchise royalties to the Franchisor, for whom the Franchisor directs Avalara to send an invitation to set up a Franchisee account.
- b. "**Franchisee Account**" means the Account that Avalara enables for the Franchisee to facilitate delivery of the royalty payment to the Franchisor.
- c. "**Franchise Fee Plan**" means the schedule and amount of franchise royalty payments due and payable from Franchisee to Franchisor.
- d. "**Franchisor**" means the Party who manages the Franchisor Account and pays Avalara for the Franchise Royalty Management Service.
- e. "**Franchisor Account**" means the Account that Avalara enables for the Franchisor to access the Service and determine the Franchise Fee Plan.

2. Franchisor Account.

- a. **Franchisor Account Setup.** Franchisor shall provide Avalara with all information requested by Avalara to establish and set up the Franchisor Account for the Franchise Royalty Management Service. Franchisor is solely responsible for timely providing and maintaining accurate, complete, and current account information, and Avalara will not audit, verify, correct or maintain any information relating to the Franchisor Account. Franchisor's failure to provide accurate, current, and complete account information may limit Avalara's ability to transmit scheduled franchise royalty payments to the Franchisor. Franchisor shall solely control the Franchisor Account, shall not permit Franchisee(s) to access the Franchisor Account, and shall not otherwise disclose access credentials to Franchisee(s). Franchisor shall procure any rights needed to share any Franchisee information with Avalara, including the Onboarding Requirements described in Section 2(c) below, prior to disclosure to Avalara.
- b. **Franchise Fee Plan.** Franchisor is solely responsible for establishing, maintaining, and enforcing the Franchise Fee Plan, including any royalty rates, exclusions, and calculation rules configured within the Service. Franchisor acknowledges that the Franchise Fee Plan is partially determined by a separate franchise agreement between Franchisee and Franchisor, to which Avalara is not a party, and Avalara shall not be bound in any way by the terms of such separate agreement.
- c. **Franchisee Account Setup.** Franchisor shall provide all information necessary to set up Franchisee Accounts (the "**Onboarding Requirements**"). Such information includes, but may not be limited to, contact information for each Franchisee.

3. Franchisor Obligations.

- a. **Royalty Payment Data.** Franchisor is solely responsible for the accuracy and completeness of all the data necessary in the Franchisor Account to properly complete franchise royalty payments from Franchisee to Franchisor (the “**Royalty Payment Data**”). Avalara does not audit, validate, or verify Royalty Payment Data. Franchisor shall transmit to Avalara via the method designated by Avalara all Royalty Payment Data before the deadline specified in the Documentation.
 - b. **Changes to Royalty Payment Information.** Franchisor shall review the Royalty Payment Data periodically and promptly communicate any required changes to Avalara. Franchisor shall implement, or instruct Franchisees to adjust in the Franchisee Account, any required changes to the Royalty Payment Data prior to the deadline specified in the Documentation. Any changes received after the deadline specified in the Documentation will be implemented and become effective in the subsequent royalty payment period.
 - c. **Funding.** Franchisees are solely responsible for ensuring sufficient funds are available to transmit royalty payments to Franchisor. Franchisor shall timely communicate funding deadlines and payment amounts to Franchisees. Avalara may refuse to provide any services related to Franchisee and Franchisee Account if Franchisee fails to timely or sufficiently make royalty payments available.
4. **Fees.** Franchisor agrees to pay fees for Franchise Royalty Management based on its subscription plan and usage of the Service. If Franchisor exceeds its subscription plan in a given month, Franchisor will be charged an incremental fee as specified in the applicable Order Document and/or subscription plan.

5. **Avalara Obligations.**

- a. **Royalty Payments Transmission.** Avalara will transmit royalty payments from Franchisee to Franchisor according to the Franchise Fee Plan. Avalara will not provide funds to make royalty payments. If sufficient funds are not timely available to Avalara for transmitting in full, Avalara will not facilitate the transmission.
 - i. Avalara shall hold the royalty payments in a trust account prior to disbursement to the Franchisor. Avalara holds all royalty payments in trust for the benefit of the Franchisor and shall not commingle the royalty payments with its general funds but may do so with funds held in trust on behalf of other Avalara customers. Any interest earned on the royalty payments accrues for the benefit of and is the sole property of Avalara.
6. **Disputes Between Franchisee and Franchisor.** Franchisor acknowledges and agrees that Avalara is not a party to any franchise agreement between Franchisor and any Franchisee and does not determine, interpret, or enforce the terms of any such agreement, including any Franchise Fee Plan. Franchisor is solely responsible for establishing, maintaining, and enforcing all terms of its franchise agreements and any related payment obligations.
- a. **Responsibility for Franchise Fee Plan.** Franchisor has sole responsibility for the accuracy, completeness, and legality of the Franchise Fee Plan, including all royalty rates, calculations, schedules, and modifications. Franchisor further acknowledges that Avalara relies on the Franchise Fee Plan as configured in the Service without independent verification.
 - b. **No Obligation to Resolve Disputes.** Avalara has no obligation to investigate, mediate, or resolve any dispute, claim, or disagreement between Franchisor and any Franchisee regarding royalty payments (each, a “**Dispute**”). Avalara may rely conclusively on the Franchise Fee Plan and Royalty Payment Data as provided through the Service.
 - c. **Effect of Disputes on Processing.** Unless otherwise required by applicable law or expressly agreed by Avalara in writing, Avalara may continue to initiate or facilitate ACH transactions and transmit royalty payments in accordance with the Franchise Fee Plan notwithstanding any pending Dispute. Avalara will not be obligated to suspend, delay, or reverse any transaction due to a Dispute. Avalara reserves the right, in its sole discretion, to suspend or delay processing of royalty payments where Avalara reasonably determines

that doing so is necessary to comply with applicable law, NACHA Operating Rules, or risk management requirements.

d. **Adjustments and Corrections.** Franchisor is solely responsible for resolving any Dispute with Franchisees, including any required adjustments, refunds, credits, or corrections. Avalara will not be responsible for reversing, refunding, or reallocating any royalty payments once processed, except to the extent the repayment or refund is: (i) required by applicable law; (ii) solely due to Avalara over-collecting Royalty Payments; or (iii) as expressly agreed by Avalara in writing.

e. **Instructions and Liability.** Franchisor is solely responsible for all instructions provided to Avalara through the Service, including any configuration or modification of the Franchise Fee Plan. To the maximum extent permitted by law, Avalara will not be liable for any Losses arising out of or related to any Dispute or any instruction provided by Franchisor, including any alleged overpayment, underpayment, or miscalculation of Royalty Payments, except to the extent directly caused by Avalara's failure to process transactions in accordance with the express terms of the Agreement.

f. **Indemnification.** Franchisor shall defend, indemnify, and hold harmless Avalara from any Losses arising out of or related to any Dispute.

7. **Compliance with the NACHA Operating Rules.** The funding process described herein is subject to the then-current version of the NACHA Operating Rules & Guidelines (the "**NACHA Operating Rules**") published by the National Automated Clearing House Association ("**NACHA**"). Avalara reserves the right to refuse to provide services to Franchisor or any Franchisee for non-compliance with the NACHA Operating Rules if such breach or non-compliance is not cured within 10 days of Avalara first notifying Franchisee and Franchisor of its non-compliance.

8. **Avalara Not a Bank or Other Financial Institution.** Franchisor acknowledges and agrees that Avalara is not a bank, depository institution, or other financial institution and does not open, maintain, or hold an account on behalf of Franchisor, only holds funds solely for limited processing purposes and does not have beneficial ownership of these funds. Any funds not immediately distributed to intended recipients as part of the Service will be maintained in bank accounts held in trust for ultimate distribution to the intended recipients.