

These Franchise Royalty Management Service-Specific Supplemental Terms for Franchisees ("**FRM Franchisee Terms**") govern Franchisee's use of Franchise Royalty Management through its Franchisor. These FRM Franchisee Terms are in addition to, and incorporate by reference, the Avalara Service Terms and Conditions available at www.avalara.com/terms (the "**Terms**"). Franchisee is deemed a "Customer" under the Terms. Any capitalized terms used in these FRM Franchisee 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 Service to the Franchisor.
- c. "**Franchise Fee Plan**" means the schedule and amount of franchise royalty payments due and payable from Franchisee and 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. Franchisee Account.

- a. **Franchisee Account Setup.** Franchisee shall provide Avalara with all information requested by Avalara to establish and set up the Franchisee Account for the Franchise Royalty Management Service. Franchisee is solely responsible for timely providing and maintaining accurate, complete, and current account information, and Avalara has no obligation to audit, verify, correct or maintain any information relating to the Franchisee Account. Franchisee acknowledges and agrees that its failure to provide accurate, current, and complete account information may limit Avalara's ability to transmit scheduled franchise royalty payments to the Franchisor.
- b. **Franchise Fee Plan.** Franchisee acknowledges that (i) the Franchise Fee Plan is partially determined by a separate franchise agreement between Franchisee and Franchisor, to which Avalara is not a party, and (ii) that Franchisor is responsible for determining and amending the Franchise Fee Plan in the Franchisor Account in its sole discretion. By accepting the invitation and creating the Franchisee Account, Franchisee is providing its authorization for the Franchise Fee Plan as determined by the Franchisor. Avalara will notify Franchisee if Franchisor modifies the Franchise Fee Plan following setup of the Franchisee Account, which may or may not require further adjustment to the Royalty Payment Data. Franchisee authorizes Avalara to share any of Franchisee's information with the Franchisor.

3. Franchisee Obligations.

- a. **Royalty Payment Data.** Franchisee is solely responsible for the accuracy and completeness of all the data necessary in the Franchisee 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. Franchisee 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.** Franchisee shall review the Royalty Payment Data periodically and promptly communicate any required changes to Avalara. Franchisee shall implement 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.** Unless otherwise agreed in writing, Franchisee shall make sufficient funds available to transmit royalty payments to Franchisor ("**Royalty Payments**") on a daily basis. Avalara will not provide any Royalty Payments. Notwithstanding any other provision of the Agreement, Franchisee shall defend, indemnify, and hold Avalara, its Affiliates, and their respective officers, directors, employees, and representatives harmless from any Losses arising out of or related to Franchisee's failure to timely provide immediately available Royalty Payments. In order for the Royalty Payments to be remitted timely to the Franchisor, provided all Royalty Payment Data is accurate and complete, Franchisee must do the following:
- i. Franchisee shall provide bank account information for a bank account (the "**Bank Account**") from which Franchisee authorizes Avalara to draw by ACH to facilitate Franchisee's payment obligations to Franchisor.
 - ii. Franchisee shall ensure the Bank Account has sufficient funds to make the Royalty Payments on a daily basis by the deadlines specified in the Documentation. If Franchisee fails to timely and sufficiently fund the Bank Account, Franchisee is responsible for compensating Avalara for any penalties that may accrue and is solely responsible for payment of any interest due to the Franchisor. If the ACH payment Avalara draws from the Bank Account is cancelled or returned other than by Avalara, that will be considered a failure to timely fund the Bank Account, and Avalara will charge Franchisee \$3.00 per rejected transaction. Avalara may suspend or terminate Franchisee's access to Franchise Royalty Management immediately upon notice if Franchisee fails to timely and sufficiently fund the Bank Account.
 - iii. Franchisee authorizes Avalara to withdraw funds to make the Royalty Payments in accordance with payment schedule indicated by the Franchisor.

4. **Avalara Obligations.**

- a. **Royalty Payments Transmission.** Avalara will transmit Royalty Payments from Franchisee to Franchisor according to the Franchise Fee Plan.
- b. **Funding.** Avalara will transmit Royalty Payments to Franchisor, provided that Franchisee has timely made sufficient funds available.
- i. Each day, Avalara will draw upon the Bank Account to make the Royalty Payments.
 - ii. Unless otherwise agreed in writing, 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 commingle the Royalty Payments 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.
 - iii. Avalara shall 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.

5. **Disputes Between Franchisee and Franchisor.** Franchisee acknowledges and agrees that Avalara is not a party to any franchise agreement between Franchisee and Franchisor and does not determine, interpret, or enforce the terms of any

such agreement, including the Franchise Fee Plan. All disputes, claims, or disagreements regarding the calculation, amount, timing, or obligation of any Royalty Payments (each, a "**Dispute**") are solely between Franchisee and Franchisor.

- a. **No Obligation to Resolve Disputes.** Avalara has no obligation to investigate, mediate, resolve, or otherwise participate in any Dispute. Avalara may rely conclusively on the Franchise Fee Plan and Royalty Payment Data as provided through the Service without independent verification.
- b. **Effect of Disputes on Payment Processing.** Unless otherwise required by applicable law or expressly agreed by Avalara in writing, the existence of a Dispute may not affect Avalara's processing of Royalty Payments in accordance with the Franchise Fee Plan and these FRM Franchisee Terms, unless Avalara elects to suspend in its sole discretion. Franchisee acknowledges that Avalara may continue to transmit Royalty Payments notwithstanding any pending Dispute.
- c. **Adjustments and Corrections.** Any adjustments, refunds, credits, or corrections relating to Royalty Payments must be resolved directly between Franchisee and Franchisor. 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's error in over-collecting Royalty Payments; or (iii) as otherwise expressly required under the Agreement. In such cases, Franchisee acknowledges that Royalty Payments may be irreversible once processed, and that the only possible resolution may be an account credit and/or reduced collection in a subsequent month.
- d. **Limitation of Responsibility.** To the maximum extent permitted by law, Avalara will not be liable for any Losses arising out of or related to any Dispute, 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 FRM Franchisee Terms.

6. **Modification to Terms.** Avalara may modify the Terms, the Acceptable Use Policy, or any Service-Specific Supplemental Terms subject to Section 11 of the Terms (*Modifications*). Any modification will take effect upon the date of the modification, and Franchisee may avoid the applicability of the modification only by ceasing its use of the Services and directing Franchisor to cease use of the Service on its behalf.

7. **Franchisee Authorization for ACH Transactions.**

- a. **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**"). As it relates to the ACH transactions initiated by Avalara and its duly authorized affiliates, service providers, and payment processors, Franchisee specifically agrees to the following NACHA requirements: (i) Franchisee will comply with all applicable requirements under the NACHA Operating Rules; (ii) Franchisee authorizes Avalara and its duly authorized affiliates, service providers, and payment processors to originate the ACH transactions for the amounts, and at the times, described in the Franchise Fee Plan and these FRM Franchisee Terms; and (iii) Franchisee will comply with the laws of the United States in its use of the Service, including through the origination of any ACH transactions by Avalara and its duly authorized affiliates, service providers, and payment processors from the Bank Account on behalf of Franchisee. "ACH" means the automated clearing house for electronic funds transfers governed by the rules and guidelines of NACHA.
- b. **Additional Authorizations; Interactions with Depository Institutions.** Franchisee agrees to provide Avalara with any other document, instruction, agreement, or other consent necessary for Avalara to carry out the ACH transactions, whether under Applicable Law, the Nacha Operating Rules, or otherwise. Franchisee authorizes Avalara to provide this Agreement or any portion hereof to any depository institution as proof of Avalara's authority to initiate the ACH transactions to or from the Bank Account. Franchisee agrees to ensure that the Bank Account does not have any ACH debit blocker, ACH filter, "positive pay", or other fraud

deterrence mechanism in place which would have the effect of preventing Avalara from initiating ACH transactions to and from the Bank Account. As necessary, Franchisee agrees to add Avalara and its duly authorized affiliates, service providers, and payment processors as a permitted party to initiate ACH transactions from the Bank Account and provide any other notices or approvals to Franchisee's bank to permit Avalara to initiate ACH transactions. Any failure to add Avalara and its duly authorized affiliates, service providers, and payment processors as a party to initiate ACH transactions to the Bank Account may result in errors or delays in the Service. Avalara shall not be liable for, and Franchisee shall indemnify Avalara for any losses, damages, fines, fees, assessments, or other amounts owed to any third party (including, but not limited to, NACHA, Franchisee's bank, or any other financial institution with which Avalara partners to provide Services on behalf of Franchisee) resulting from, or related to, Franchisee's failure to allow Avalara and its duly authorized affiliates, service providers, and payment processors to initiate ACH transactions to or from the Bank Account.

- c. **Termination.** In addition to any other applicable termination rights, Avalara may terminate the Agreement for Franchisee's non-compliance with the NACHA Operating Rules if such breach or non-compliance is not cured within ten (10) days of Avalara first notifying Franchisee of its non-compliance.
- d. **Audit Rights.** Avalara has the right to audit Franchisee's use of the Service, at a time and location mutually agreeable to both Franchisee and Avalara, to ensure compliance with the NACHA Operating Rules and the Terms.
- e. **Avalara Not a Bank or Other Financial Institution.** Franchisee 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 Franchisee, 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 by the Avalara Client Trust for ultimate distribution to the intended recipients.