

and coordinate the customer ordering experience and other information. You must record all sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. We may require that you use our designated vendor for your telephone system and may require you follow the procedures set forth in the Manuals for telephone reception services and telephone use. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System. You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance repairs or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

You must pay any and all, annual or otherwise, software fees, or other fees, as required by software vendors to maintain your Computer System and software. Software vendors have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. We reserve the right to change our approved suppliers, including any software suppliers, at any time and in our sole discretion. If you are in default of any obligations under the Franchise Agreement, we may temporarily inhibit your access to all or part of the Computer System, including any InXpress software, until you have cured such default completely.

You will have sole responsibility for: (1) the operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our Computer System and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your InXpress Franchise, and to collect and use your electronic information and data in any manner, including promoting the System. This may include posting financial information of each franchisee on an intranet website and using the financial information in Item 19 of this Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your InXpress Business, or from other locations.

### Training

#### ***New Franchise Business Training***

You (or your Designated Owner if you are an entity) and your Designated Manager (if applicable) (each defined in Item 15) must each attend and complete New Franchise Business Training to our reasonable satisfaction prior to opening the InXpress Business. You will be required to pay us a Training Fee of \$5,000 for up to two people. Additional people can attend New Franchise Business Training for our then-current fee for such training, currently \$495 per person. The Training Fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is not refundable under any circumstances. You are also responsible for all travel costs, living expenses and employees’ salaries incurred in connection with the Designated Manager’s or Designated Owner’s attendance at such training.

The New Franchise Business Training will be conducted virtually through our e-learning platform or, at our option, at our headquarters in Sandy, Utah or another location designated by us. Virtual only training consists of systems software setup, financial software setup, e-learning modules, lead generation and field training.

You may, in your discretion, have your sales representatives attend New Franchise Business Training (you will be required to pay an additional fee as described in Item 6). You will not receive any compensation or reimbursement for services or expenses for participation in the New Franchise Business Training program. You are solely responsible for all expenses incurred to attend any training session, including but not limited to, travel costs, lodging and employee’s salaries, including if the program is conducted in-person. We may charge a fee for all persons, including your employees and any replacement Designated Manager or Designated Owner, to attend New Franchise Business Training after the opening of the InXpress Business. We also reserve the right to require you to pay the then-current fee for any training of sales or office personnel outside the regularly scheduled training programs.

We plan to provide the training listed in the table below. We may modify the New Franchise Business Training programs and duration depending on the number and experience of the attendees. The current schedule for the New Franchise Business Training is once every other month but may be changed on an as-needed basis based on Franchise sales. The New Franchise Business Training is broken down into two separate categories: Business Owner and Designated Manager Training Program. The charts below show the e-learning and the in-person or virtual classroom/on-the-job training portions of the training:

**TRAINING PROGRAM**

**VIRTUAL ONLY**

| <b>Subject</b>       | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b> |
|----------------------|------------------------------------|-------------------------------------|-----------------|
| Carriers             | 10-15                              | N/A                                 | Virtual         |
| Proprietary Software | 10-15                              | N/A                                 | Virtual         |
| Freight/Sales        | 10-15                              | N/A                                 | Virtual         |
| Selling Techniques   | 30-55                              | N/A                                 | Virtual         |
| Business Planning    | 10-20                              | N/A                                 | Virtual         |
| Finance              | 10-20                              | N/A                                 | Virtual         |
| <b>Total</b>         | <b>80-140</b>                      | <b>N/A</b>                          |                 |

**VIRTUAL OR IN-PERSON (AS DETERMINED BY INXPRESS)**

| <b>Subject</b> | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>        |
|----------------|------------------------------------|-------------------------------------|------------------------|
| Carriers       | 5-8                                | 0                                   | Virtual or Sandy, Utah |

| <b>Subject</b>       | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>                                   |
|----------------------|------------------------------------|-------------------------------------|---|
| Proprietary Software | 12-18                              | 2-4                                 | Virtual or Sandy, Utah, and during field meetings |
| Freight/Sales        | 4-6                                | 2-3                                 | Virtual or Sandy, Utah                            |
| Selling Techniques   | 16-24                              | 40-60                               | Virtual or Sandy, Utah, and during field meetings |
| Business Planning    | 4-8                                | 6-12                                | Virtual or Sandy, Utah and during field meetings  |
| Finance              | 2-6                                | 0                                   | Virtual or Sandy, Utah                            |
| Customer Service     | 5-9                                | 0                                   | Virtual or Sandy, Utah                            |
| <b>Total</b>         | <b>48-79</b>                       | <b>50-79</b>                        |   |

*Notes:*

1. Hayden Snow, our Director of Franchise Development, currently oversees the InXpress training and onboarding program. Mr. Snow has over six years of industry experience and six months of experience with us or our affiliates. All pre-training and pre-work will be completed online or in the field with a field trainer. Instructor led training will include Greg Camasta, Global Training Manager, who has over ten years of industry experience and two years with the franchisor or affiliate, Steve Chisholm, Director of Freight, who has over fifteen years of industry experience and fifteen years with the franchisor or affiliate, as well as other franchise coaches in providing the franchisee the knowledge, skills and ability to become successful in InXpress.
2. Other instructors will have between approximately six months and ten years or more of experience in the field and with us.
3. We will use the Manuals and instructor-led training and our training handbooks and guides as the primary instruction materials during the New Franchise Business Training.
4. This New Franchise Business Training, and any additional training provided by us, is provided to protect the System, the InXpress brand, and the Marks, and not to control the day-to-day operations of the InXpress Business. You will have sole authority and control over the day-to-day operations of the InXpress Business and its employees. You will be solely responsible for recruiting and training the persons you employ to operate the InXpress Business. You will also be responsible for their wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and terminations, and for compliance with all workplace related laws. At no time will you or your employees be deemed to be employees of InXpress or our affiliates. We have no right or obligation to direct your employees.

***Ongoing Training***

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Designated Manager, that person must attend and successfully

complete our New Franchise Business Training before assuming responsibility for the management of your InXpress Business. If we conduct an inspection of your InXpress Business and determine you are not operating in compliance with the Franchise Agreement or System Standards, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your InXpress Business).

You must attend a business review (“Business Review”) at our offices in Sandy, Utah, or at a location designated by us, once a year as determined by us. You agree to bring all records and information as requested by us and to have a representative at the Business Review with decision making authority. Failure to do so will result in a breach of your Franchise Agreement. You are responsible for the costs of airfare, ground transportation, lodging, meals, personal expenses, salary, and benefits for all of your personnel that attend the Business Review. You must also attend Business Reviews and weekly coaching, as requested by us by additional telephonic or videoconference not requiring travel to our head office.

In addition to participating in ongoing training, you will be required to attend an annual meeting of all United States franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (see Item 6). You are responsible for all travel and expenses for your attendees.

The Franchise owners and Designated Managers are required to attend advance carrier training in at a location designated by us within the United States within the first year of operation. We recommend, but do not require, sales representatives and office personnel to attend advance carrier training. You are responsible for the cost of airfare, ground transportation, lodging, meals, personal expenses, salary, and benefits for all of your personnel that attend advance carrier Training. In addition, you, your Designated Owners, Designated Managers and sales representatives are required to attend at least 80% of the weekly “Vital Factor Accountability” calls held in the first 12 months of operation. You are responsible for training your own employees and other management personnel. We reserve the right to require you to pay the then-current fee for all ongoing training, which is currently \$495 per person. At this time, we do not require any additional training programs, other than those above, but reserve the right to do so in the future.

## **ITEM 12. TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We reserve the right, in our sole discretion, and in accordance with the standards, policies, and/or procedures that we may specify in the Manuals, to grant you the exclusive right to sell to and service customers you have initially developed (“Exclusive Customers”). Exclusive Customer status is only available for customers who are primarily sold and serviced by one franchisee over a period of time. You may lose exclusivity on an Exclusive Customer based on the number of orders in a given timeframe. We may reassign an Exclusive Customer if we receive a request from that customer. Exclusive Customer status policies may be updated, modified or removed at any time by us by updating these policies in the Manuals.

You will receive a designated Primary Franchise Market Area in which you should direct your primary marketing efforts. You may operate out of a home office or open an office. You will not need our approval of a site if you choose to open an office. The InXpress Franchise is a non-exclusive license only and does not grant you any exclusive area or territorial rights. Franchisees are not prohibited from seeking customers in any geographic area provided they follow the policies and procedures in the Manuals, which may be modified over the term of your Franchise Agreement. Other franchisees may market and provide services in your Primary Franchise Market Area.

In the event your marketing efforts interfere with existing franchisees, we may restrict your tele-

prospecting, electronic marketing, direct marketing, and direct mail marketing activities to certain potential customers located in areas defined by designated postal zip codes. We restrict your use of the Internet to promote your business to sites which we own, prescribe, or approve.

If the InXpress Business does not meet the monthly minimum sales quota, listed below and in the Franchise Agreement each month during the term of the Franchise Agreement, we may terminate your Franchise Agreement. The sales figures identified in this Item are not, and should not be considered, an earnings claim or financial performance representation for your InXpress Business.

|              |   |
|--------------|---|
| Months 1-6   | \$2,000 Gross Margin Total  |
| Months 7-12  | \$2,000 Gross Margin per Month  |
| Months 13-24 | \$4,000 Gross Margin per Month  |
| Months 25-36 | \$6,000 Gross Margin per Month  |
| Months 37-48 | \$9,000 Gross Margin per Month  |
| Months 49-60 | \$13,000 Gross Margin per Month   |
| Months 61+   | \$18,000 Gross Margin per Month or 5% greater than the monthly average in the same calendar quarter the previous year, whichever is greater. The 5% growth requirement shall not apply at any time the franchise produces over \$250,000 in Gross Margin over the most recent three month period. |

We may award Franchises to persons in any location we deem advisable. We may, in the future, authorize all franchisees to offer products and services from retail store locations.

We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate InXpress Franchises at any location, even if doing so will or might affect the operation of your InXpress Business;
2. to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Primary Franchise Market Area. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;
3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering transportation services and related products and services, at any location, including within the Primary Franchise Market Area, which may be similar to or different from the InXpress Business operated by you;
4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your InXpress Business, wherever located;
5. to acquire and convert to the System operated by us any businesses offering services and products similar to those offered by InXpress Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or

chain, whether franchised or corporately owned, and whether located inside or outside of the Primary Franchise Market Area, provided that in such situations the newly-acquired businesses may not operate under the Marks in the Primary Franchise Market Area; and

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

If you want to relocate the business office you must first submit a request in writing to us. We are not required to pay you if we exercise any of the rights specified above within your Primary Franchise Market Area. We do not pay compensation for soliciting or accepting orders inside your Primary Franchise Market Area.

You do not have the right to acquire additional InXpress Franchises within the Primary Franchise Market Area. You are not given a right of first refusal on the sale of existing InXpress Franchises.


If you wish to purchase an additional InXpress Franchise, you must apply to us, and we may, at our discretion, offer an additional InXpress Franchise to you. We consider a variety of factors when determining whether to grant additional InXpress Franchises. Among the factors we consider, in addition to the then-current requirements for new InXpress Franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

### ITEM 13. TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. You may also use other future trademarks, service marks, and logos we approve to identify your InXpress Franchise.

The Marks and the System are owned by IX Global and are licensed exclusively to us for use in the United States. IX Global has granted us an exclusive license (“Trademark License”) to use the Marks to franchise the System around the world. The Trademark License was initially for ten years and began on April 1, 2008, when we entered into the master franchise agreement for the rights to franchise the InXpress system in the United States. It was automatically renewed on April 1, 2018 and will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, IX Global has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated.

IX Global has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

| Registered Mark   | Registration Number | Registration Date | Register                             |
|---|---------------------|-------------------|--------------------------------------|
|  | 5,951,579           | December 31, 2019 | Registered on the Principal Register |

| Registered Mark             | Registration Number | Registration Date                      | Register                             |
|-----------------------------|---------------------|--|--------------------------------------|
| <i>InXpress</i>             | 5,951,580           | December 31, 2019                      | Registered on the Principal Register |
| <b>INXPRESS</b>             | 3,407,142           | April 1, 2008<br>Renewed June 10, 2017 | Registered on the Principal Register |
| YOUR PROMISE. OUR BUSINESS. | 6,038,529           | April 21, 2020                         | Registered on the Principal Register |
| YOUR PROMISE. OUR BUSINESS. | 6,081,280           | June 16, 2020                          | Registered on the Principal Register |

All required affidavits and renewals have been filed for the registered marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Except for the Trademark License Agreement, no agreement significantly limits our right to use or license the Marks in a manner material to your Franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public, using language that we may specify from time to time, in any contract, advertisement, and with a conspicuous sign in your InXpress Business that you are an independently owned and operated licensed franchisee of InXpress, LLC. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Franchise or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

Your right to use the Marks is derived solely from your Franchise Agreement and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the Marks by you will constitute an infringement of our rights in the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the

term of your Franchise Agreement contest or assist any other person in contesting the validity or ownership of any of the Marks.

You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement and System Standards, we will defend you against any claim brought against you by a third party alleging your use of the Marks, in accordance with the Franchise Agreement, that infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents or patents pending are material to the Franchise. We claim copyrights in the Manuals, which contain trade secrets, advertising and marketing materials, and similar items used in operating InXpress Businesses. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your InXpress Business (and must stop using them if we so direct you).

There are currently no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. You must notify us immediately when you learn about an infringing or challenging use of our copyrighted materials. If you are in compliance with the Franchise Agreement and System Standards, we will defend you against any claim brought against you by a third party that your use of our copyrighted materials in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our copyrighted materials. We have no obligation to pursue any infringing users of our copyrighted materials. If we become aware of an infringing user, we will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted.

Our Manuals and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating InXpress Businesses; marketing and advertising programs for InXpress Businesses; any computer software or similar technology that is proprietary to us or the System; knowledge of, specifications for, and suppliers of operating assets and other products and supplies; and knowledge of the operating results and financial performance of InXpress Businesses other than your InXpress Business.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access to such information. We may regulate the form of Confidentiality Agreement(s) that you use, and must be included as a third party beneficiary with independent enforcement rights in that agreement.

#### **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The InXpress Franchise shall be managed by you, or if you are an entity, one shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity (“Designated Owner”). We may allow you to appoint a manager (“Designated Manager”) to run the day-to-day operations of the InXpress Franchise. You shall keep us informed, in writing, at all times of the identity of your Designated Manager. You (or your Designated Owner, if you are an entity) and your Designated Manager, if you have one), must successfully complete our training program which is discussed in Item 11. We do not require that a Designated Manager have an ownership interest in the Franchisee. You, your owners (if you are an entity) and the Designated Manager cannot have any interest in, or business relationship with, any business competitor of your Franchise. If you replace a Designated Owner or Designated Manager, the new Designated Owner or Designated Manager must satisfactorily complete our training program at your own expense.

All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document as Exhibit F-1. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owner’s Agreement guarantying the obligations of the entity (which is attached to the Franchise Agreement as Attachment 4). Any entity used to operate the InXpress Franchise must be used solely for operating the InXpress Franchise and for no other purpose.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications (see Item 8). You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you (see Item 8) and you are required to comply with or offer all such changes or additions. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products or services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, or any other social or professional networking site or blog) or mention or discuss the InXpress Franchise, us, or our affiliates, without our prior written consent and as subject to the online policies contained in our Manuals. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use.

Other than Exclusive Customers of other franchisees, you are not limited in the customers you may sell to, except as limited by the Carrier Contracts and as stated in the Manuals. Unless you have the consent of the Carriers, you may not solicit that Carrier’s existing active customer accounts, or active customer accounts of another sales and marketing business contracting with the Carriers, as stated in the Carrier Contracts. Failure to meet minimum performance or other requirements is grounds for termination of your rights under the Franchise Agreement.

## ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provision   | Section in Franchise Agreement or other Agreement | Summary   |
|---|---|---|
| a. Length of the franchise term                   | Section 4.1                                       | Five years.   |
| b. Renewal or extension of the term               | Sections 4.2 and 4.3                              | If you are in good standing and you meet other requirements, you may renew for one additional, successive five-year term; provided, however, that we may, at our option purchase your franchise at the end of the term instead of renewing the Franchise Agreement.   |
| c. Requirements for franchisee to renew or extend | Section 4.2                                       | The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. Requirements include: you must allow us to inspect the records of the Franchise Business; make capital expenditures to maintain uniformity with any System modifications; satisfy all monetary obligations owed to us; show proof that no key employee have been the subject of a criminal investigation, civil proceeding, or administrative proceeding; not be in default of any provision of the Franchise Agreement; give advance written notice to us; compliance with your Franchise Agreement; sign a release of claims (subject to state law); pay us the successor fee; and sign the then-current form of franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may contain terms and conditions that are materially different from your original Franchise Agreement. |
| d. Termination by franchisee                      | Section 16.1                                      | You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice,   |