

# Franchise Disclosure Document



**Byrider Franchising Partners, LLC**

**12802 Hamilton Crossing Blvd.**

**Carmel, IN 46032**

**(317) 249-3000**

## **THE STRATEGY OF BYRIDER SYSTEMS**





## FRANCHISE DISCLOSURE DOCUMENT

**Byrider Franchising Partners, LLC  
a Delaware limited liability company  
12802 Hamilton Crossing Blvd.  
Carmel, Indiana 46032  
(317) 249-3000**

**[byriderfranchise.com](http://byriderfranchise.com)**

The franchise offered is for the right to operate a used vehicle retail sales and finance business under the name Byrider and CNAC ("CNAC").

The total investment necessary to begin operation of a Byrider franchise is \$947,000 to \$1,577,500, which includes \$60,000 that must be paid to the franchisor or its affiliate.

On your request, the franchisor may also allow you to acquire a development area in exchange for committing to acquire multiple franchises (by signing multiple franchise agreements) and to opening a Byrider business under each franchise agreement in accordance with a development schedule. You will sign an area development agreement, which will attach to the franchise agreement as a rider, and you must commit to developing between one and five additional Byrider businesses (in addition to your first Byrider business). The total investment necessary to enter into an area development agreement rider for the right to develop one to five additional Byrider businesses ranges from \$964,500 to \$1,677,500, which includes (a) the total initial investment to begin operation of your initial Byrider business, and (b) a development fee ranging between \$17,500 and \$100,000, which must be paid to the franchisor or its affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jeffrey B. Higgins at 12802 Hamilton Crossing Blvd., Carmel, IN 46032 and 317-249-3060.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's 1/1/2025

*Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: January 1, 2025.

## **How to Use This Franchise Disclosure Document**

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Byrider business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Byrider franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

## **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## **Special Risks to Consider About *This Franchise***

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to arbitrate (and in some instances litigate) with us only in Indiana. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in our home state than in your home state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Financial Condition.** The financial condition, as reflected in the financial statements (see Item 21), calls into question our financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**FOR TRANSACTIONS REGULATED BY**  
**THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

## TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
2	BUSINESS EXPERIENCE .....	3
3	LITIGATION .....	5
4	BANKRUPTCY.....	9
5	INITIAL FEES.....	9
6	OTHER FEES .....	11
7	ESTIMATED INITIAL INVESTMENT .....	22
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	26
9	FRANCHISEE'S OBLIGATIONS.....	30
10	FINANCING .....	31
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, TECHNOLOGY SYSTEM, AND TRAINING.....	32
12	TERRITORY .....	40
13	TRADEMARKS .....	41
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	44
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	45
16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	46
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	46
18	PUBLIC FIGURES .....	53
19	FINANCIAL PERFORMANCE REPRESENTATIONS .....	53
20	OUTLETS AND FRANCHISEE INFORMATION .....	71
21	FINANCIAL STATEMENTS .....	77
22	CONTRACTS.....	77
23	RECEIPT.....	78

## **TABLE OF CONTENTS**

(continued)

<b><u>ITEM</u></b>		<b><u>PAGE</u></b>
--------------------	--	--------------------

### **EXHIBITS**

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C-1	Area Development Agreement (Traditional Franchisee)
Exhibit C-2	Area Development Agreement (Ultra Franchisee)
Exhibit D	Franchise Directory
Exhibit E	Operations Manuals' Tables of Contents
Exhibit F	Acceptance and Assumption of Obligations
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	List of Franchisees Who Left the System
Exhibit I	Renewal Addendum
Exhibit J	Traditional and Legacy Royalty Fee Addendum
Exhibit K	Veteran Discount Addendum
Exhibit L	State Addenda and Agreement Riders
Exhibit M	Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT AND/OR AREA DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT L.

## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

**A. The Franchisor.** The franchisor is Byrider Franchising Partners, LLC (referred to in this document as "Byrider Franchising Partners"). A person who buys a franchise from Byrider Franchising Partners is referred to in this Disclosure Document as "you." If you are a corporation, limited liability company or other entity, your owners must sign a personal guaranty to fulfill all of your obligations under the Franchise Agreement (Exhibit B).

Byrider Franchising Partners is a Delaware limited liability company, formed on August 5, 2024. On September 5, 2024, Byrider Franchising Partners acquired substantially all the assets of Byrider Franchising, LLC, an Indiana limited liability company (referred to in this document as "predecessor" or "Byrider Franchising"), and became the franchisor of the Byrider franchise program. Byrider Franchising Partners' immediate parent company is Byrider Enterprise Partners, LLC and its ultimate parent company is Byrider Investment Partners, LLC. Byrider Franchising Partners and its immediate and ultimate parent companies maintain their principal business address at 12802 Hamilton Crossing Blvd., Carmel, Indiana, 46032.

Byrider Franchising Partners operates under its corporate name, Byrider Franchising Partners, LLC, and under the service marks "BYRIDER" and "CNAC" (the "Marks") and associated logos. Byrider Franchising Partners' agent for service of process in your state, if applicable, is disclosed in Exhibit G. Byrider Franchising Partners grants franchises to operate businesses under the Marks. These businesses are referred to in this Disclosure Document as "Byrider Businesses"; the Byrider Business you will operate is referred to in this Disclosure Document as the "Business." Byrider Franchising Partners has been offering franchises for Byrider Businesses as of January 1, 2025. Byrider Franchising Partners' predecessor, Byrider Franchising, offered Byrider franchises from May 1989 until September 2024. Byrider Franchising's related companies, Byrider Sales of Indiana S, LLC and Byrider Finance, LLC, operated Byrider franchises from 1995 until 2024.

Our affiliate, Grade A Auto Parts provides certain auto parts in connection with service centers operated by Byrider Businesses. Grade A Auto Parts has a principal business address at 7301 Grade Lane, Louisville, KY 40219.

No other predecessors or affiliates of Byrider Franchising Partners are required to be disclosed in this Item.

**B. The Franchise Opportunity.** Byrider Businesses operate using Byrider Franchising Partners' specialized operational techniques and systems (the "System"). The System consists of unique marketing and sales aids, advertising materials and promotional ideas, and methods for developing, tracking and following up with potential customers. It also includes suggested ways to acquire and control inventory, monitor the quality of sales services, referral and collection techniques, suggestions for record

keeping and reporting, and other confidential operating procedures. If you buy a franchise from Byrider Franchising Partners, you must operate your Business in compliance with the System.

A Byrider Franchising Partners' Business includes two divisions: the Byrider sales division and the CNAC finance division. The Byrider sales division operates as a used vehicle retail sales dealership and the CNAC finance division operates as an auto financing provider. The two divisions are distinct elements that will be operated and funded solely by you. Byrider Franchising Partners may allow you to operate the CNAC finance division through a separate entity, but if Byrider Franchising Partners does, such entity will be required to sign the Acceptance and Assumption of Obligations (see Exhibit F). You must also operate a service center at the location of your Business ("Service Center"). The Service Center may only provide repair services for vehicles purchased from Byrider-branded businesses, unless Byrider Franchising Partners approves in writing for the Service Center to provide repair services to the general public. However, if you or your affiliate already operate a Service Center at a Byrider Business, you will not be required to operate another Service Center at your Business, so long as the existing Service Center is located within a reasonable distance to your Business, as determined by Byrider Franchising Partners.

If you purchase more than one franchise, you may enter into an area development agreement rider to the Franchise Agreement that you will sign (the "Area Development Agreement" – see Exhibit C). Before signing the Area Development Agreement, Byrider Franchising Partners and you will agree on the size and configuration of that protected territory, the number of Byrider businesses you commit to open, and the development schedule. Your protected territory will be determined based on local market conditions, demographics, and the number of Byrider businesses you agree to develop. The Area Development Agreement does not grant you the right to open a Byrider business or to use the Marks or the System. Rather, it controls your rights and obligations to acquire franchises. To acquire each franchise, you would be required to sign an individual Franchise Agreement that will govern the operation of the Byrider business. For each Byrider business you intend to open, when we accept your proposed site, you will sign Byrider Franchising Partners' then-current form of Franchise Agreement, the terms of which may materially differ from the form of Franchise Agreement that is attached as Exhibit B to this Disclosure Document.

**C. Competition.** Your Business competes with other used car retail sales companies. These competitors may operate on a national, regional or local level. The primary market for used vehicles with nonconventional financing and related services is the special credit used car buyer, which is a developed market. The main competition for a Byrider Business is automobile businesses (including new car dealerships and independent used car dealers) that offer special credit financing services. The services offered under this Disclosure Document are not typically seasonal.

**D. Government Regulation.** State and federal laws and regulations apply to the business operations of your Business. The Federal Trade Commission ("FTC") has certain laws that apply directly to used car sales and must be followed by your Business.

In addition, most states require that you apply for and obtain a license to sell used vehicles. In addition, certain general laws also apply to your Business. For example, state usury laws, advertising laws and federal truth-in-lending laws apply to the operation of the financing element of your Business. Your state law may require you to obtain a sales finance license. There may be other general laws and regulations that apply to your Business and you should make inquiries to find out about these laws and regulations.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Sean M. Garber: Chairman; Member of Board of Byrider Enterprise Partners**

Mr. Garber has served as Chairman of Byrider Franchising Partners, LLC and as a Member of the Board of Byrider Enterprise Partners, LLC since September 2024. Mr. Garber has also served as Chairman and CEO of Algar, Inc. since January 2006. Mr. Garber is based in Louisville, Kentucky.

#### **Christopher A. McPhie: Treasurer; Member of Board of Byrider Enterprise Partners**

Mr. McPhie has served as Treasurer of Byrider Franchising Partners, LLC and as a Member of the Board of Byrider Enterprise Partners, LLC since September 2024. Mr. McPhie has also served as President of National Auto Group, Inc., a multi-unit Byrider franchisee with locations in North Carolina and Ohio, since September 2002. Mr. McPhie is based in Akron, Ohio.

#### **Christopher L. Thomas: Secretary; Member of Board of Byrider Enterprise Partners**

Mr. Thomas has served as Secretary of Byrider Franchising Partners, LLC and as a Member of the Board of Byrider Enterprise Partners, LLC since September 2024. Mr. Thomas has also served as Managing Partner of Thomas Automotive Group, Inc., a Byrider franchisee located in North Carolina, since June 2009. Mr. Thomas is based in Raleigh, North Carolina.

#### **John Chalfant: Member of Board of Byrider Enterprise Partners**

Mr. Chalfant has served as a Member of the Board of Byrider Enterprise Partners, LLC since September 2024. Mr. Chalfant has also served as President of Byrider Sales Idaho, Inc., a multi-unit Byrider franchisee with locations in Idaho, since 2013 and as President of Chalfant Corp. located in Garden City, Idaho, since July 2010. Mr. Chalfant is based in Garden City, Idaho.

### **Keoni Schwartz: Member of Board of Byrider Enterprise Partners**

Mr. Schwartz has served as a Member of the Board of Byrider Enterprise Partners, LLC since September 2024. Mr. Schwartz is a Co-Founder and has served as Managing Director of Altamont Capital Partners located in Palo Alto, California, since its inception in 2010. Mr. Schwartz is based in Palo Alto, California.

### **Michael J. Onda: Chief Executive Officer**

Mr. Onda has served as Chief Executive Officer of Byrider Franchising Partners, LLC, since September 2024. Previously, Mr. Onda served as Chief Executive Officer of Byrider Franchising, LLC, from January 2024 until September 2024 and as Vice President, Strategy and Operations from June 2018 until January 2024. Mr. Onda is based in Carmel, Indiana.

### **Brad N. Malott: Chief Financial Officer**

Mr. Malott has served as Chief Financial Officer of Byrider Franchising Partners, LLC, since September 2024. Previously, Mr. Malott served as Vice President of Finance of Byrider Franchising, LLC, from August 1994 until September 2024. Mr. Malott is based in Carmel, Indiana.

### **John D. Krupnik: Chief Information Officer**

Mr. Krupnik has served as Chief Information Officer of Byrider Franchising Partners, LLC, since October 2024. Previously, Mr. Krupnik served as Chief Technology & Product Officer of Autora (previous Joyride Autos) located in San Francisco, California, from June 2021 until August 2022 and as Chief Information Officer of IAA, Inc., located in Westchester, Illinois, from March 2002 until September 2019. Mr. Krupnik is based in Carmel, Indiana.

### **Ben Goodman: Vice President Franchising Operations & Development**

Mr. Goodman has served as Vice President Franchising Operations & Development of Byrider Franchising Partners, LLC, since September 2024. Prior to that, Mr. Goodman served as Executive 20 Group Moderator/Consultant with NIADA located in Dallas, Texas, from July 2021 until August 2024 and as Franchise Consultant with Byrider Franchising, LLC, located in Carmel, Indiana, from June 2017 until July 2021. Mr. Goodman is based in Carmel, Indiana.

### **Jeffrey B. Higgins: Assistant Secretary and General Counsel**

Mr. Higgins has served as Assistant Secretary and General Counsel of Byrider Franchising Partners, LLC, since September 2024. Previously, Mr. Higgins served as Vice President, General Counsel of Byrider Franchising, LLC, from August 1991 until September 2024. Mr. Higgins is based in Carmel, Indiana.

## **ITEM 3**

### **LITIGATION**

#### **Litigation Involving Predecessor:**

State of Ohio, ex rel Jim Petro Attorney General of Ohio vs. Byrider Sales of Indiana S, Inc., Byrider Franchising, Inc., Byrider Finance, Inc., Lakewood Car Credit Company, Lakewood Acceptance Corp., North Shore Auto Sales, Inc., North Shore Auto Financing, Inc., North Shore Phoenix Auto Sales, Inc., North Shore Phoenix Auto Financing, Inc., John Lance Motors, Inc., John Lance Motors Acceptance, Midwest Motors, Inc., MM Acceptance Corp., Magic Motors of Ohio, Inc., Forum Finance, Inc., RWV Sales Corporation, Approved Acceptance Corporation, AMT Auto Enterprise, Inc., Maxcredit Financial, Inc., R & M Auto Group, Inc., R & M Auto Finance, Inc., Rowland Motors, Inc., Rowland Marietta, Inc., JD Sales of Euclid, Inc., JDAC of Euclid, Inc., National Auto Group, Inc., and Motor Car Credit Co., Inc. (Cause No. 05CVH021505). On February 9, 2005, in the Court of Common Pleas, Franklin County, Ohio, the Attorney General of Ohio sought to enjoin predecessor and its Ohio franchisees from violating the Consumer Sales Practices Act and Ohio's motor vehicle titling laws. For purposes of settlement only, a Complaint and Consent Judgment Entry and Order were filed concurrently on February 9, 2005, in the Court of Common Pleas, Franklin County, Ohio. The court enjoined predecessor and its Ohio franchisees from violating the Consumer Sales Practices Act and Ohio's motor vehicle titling laws and ordered predecessor and its Ohio franchisees to take remedial steps for the alleged violations.

Commonwealth of Kentucky ex rel Gregory D. Stumbo, Attorney General vs. James Maguire, J. Marc Maguire, Auto Acceptance Corporation, CNAC of Kentucky, Inc., J. Maguire Enterprises, Inc., Auto Acceptance, LLC, CNAC of Kentucky, LLC, J. Maguire Enterprises, LLC, and J.D. Byrider Systems, Inc. (Cause No. 04CI10575) filed on December 16, 2004, in Commonwealth of Kentucky, Jefferson Circuit Court, Division Nine. Complaint against J.D. Byrider Systems, Inc. and the Louisville franchisee alleging violation of Kentucky's Consumer Protection Act by a pattern of unfair and deceptive sales and financing practices engaged in by the Louisville franchisee, aided and abetted by unlawful sales and financing techniques developed by J.D. Byrider Systems, Inc. For purposes of settlement only, an Agreement and Consent Judgment Entry and Order were filed February 2006 in the Commonwealth of Kentucky, Jefferson Circuit Court, Division 7. The court enjoined J.D. Byrider Systems, Inc. and its Kentucky franchisees from violating the Kentucky Consumer Protection Act, the federal Truth in Lending Act, and the federal Magnuson Moss Warranty Act and ordered remedial steps for the alleged violations; J.D. Byrider Systems, Inc. paid \$300,000.00 to the Attorney General as reimbursement, attorneys' fees and other costs of the investigation and litigation. The Louisville franchisee paid \$2.7 million in customer restitution. In addition, the Louisville franchisee agreed to provide a credit of \$500 on each customer account for vehicles purchased during 2000 through 2004. The Louisville franchisee is no longer a franchisee.

H. Jeffrey Baker, et al. v. Byrider Franchising, LLC, et al., JAMS Arbitration, Boston Division, Case No: 14000. On July 21, 2017, the former franchisees of a Byrider

dealership in Branford, Connecticut, CT102 LLC and Sixela LLC, and personal guarantor of those entities' franchise agreement, H. Jeffrey Baker, initiated an arbitration demand against Byrider Franchising, J.D. Byrider Systems, LLC, Byrider Holding Corp., Brad M. Malott, Michael K. Maenhout, Jeffrey B. Higgins, Jack J. Humbert, Thomas L. Welter, Jeffrey L. Anderson, Shannon Aldridge, Stephen J. Peterson, Jesse Rogers, Keoni Schwartz, Kevin Mason, and other former employees (collectively, the "Byrider Franchising Parties") with the Boston administrative office of JAMS. The arbitration demand alleges that certain Byrider Franchising Parties fraudulently induced claimants to (i) take certain actions after entering into their franchise agreement with Byrider Franchising, including select and develop a site for the dealership and enter into lender agreements and (ii) later enter into a mutual termination agreement of the franchise agreement. Claimants also allege that Byrider Franchising breached the franchise agreement by providing insufficient training and failing to hire qualified candidates for the franchised dealership. They further allege that suggested suppliers failed to provide product and that another nearby Byrider Franchising franchisee encroached on customer sales. Claimants assert claims for fraudulent inducement, breach of contract, breach of the covenant of good faith and fair dealing, improper termination, and violations of Indiana, Rhode Island, and Connecticut franchise investment and/or relationship statutes and Indiana and Rhode Island deceptive trade practices statutes. Claimants seek unspecified amount of compensatory and punitive damages, arbitration costs, expenses, attorneys' fees, and pre- and post-judgment interest. On September 1, 2017, Byrider Franchising asserted a counterclaim against the claimants for breach of the franchise agreement and personal guarantee arising out of their failure to operate the franchised dealership for the franchise agreement's full twenty-year term. Byrider Franchising seeks damages of at least \$2 million, and all of the Byrider Franchising Parties seek their costs and expenses, including attorneys' fees, incurred by them in this matter. JAMS preliminary ruled that the final hearing will be held in Indianapolis, Indiana, at a date to be determined. Effective May 1, 2018, the parties entered into a confidential settlement agreement under which Byrider Franchising, J.D. Byrider Systems, LLC, and Byrider Holding Corp. agreed to pay claimants \$500,000 to fully settle all claims and counterclaims against all parties. The first payment of \$250,000 was made on May 11, 2018, and the remaining payments will be made in equal monthly installments. Claimants agreed to de-identify the former franchised dealership and comply with the franchise agreement's post-termination noncompetition covenant. The parties also exchanged general releases. Claimants received the full settlement amount and all claims and counterclaims were dismissed with prejudice.

Byrider Franchising, LLC v. Anthony Marcantonio, et al., American Arbitration Association, Indianapolis, Indiana, No: 01-19-0002-6424.

On August 22, 2019, Byrider Franchising, LLC f/k/a Byrider Franchising, Inc. ("Byrider") filed a Demand for Arbitration with the American Arbitration Association against the former franchisees of a Byrider dealership in Dover, Ohio, R & M Auto Group, Inc., R & M Auto Finance, Inc., and personal guarantor of those entities' franchise agreement, Anthony Marcantonio (collectively the "Marcantonio Parties"), asserting material breaches of the parties' franchise agreement and related guaranty. Byrider asserted that these breaches

resulted from the Marcantonio Parties' failure to pay past-due amounts owed under the franchise agreement and for violations of the franchise agreement's post-termination obligations. On November 9, 2019, the Marcantonio Parties filed counterclaims and third-party claims against Byrider, Byrider Holding Corp., Craig S. Peters, Brad N. Malott, Steven R. Mark, Warren Lenard, Jeffrey B. Higgins, Jack J. Humbert, J. Chris Hadley, Jeffrey L. Anderson, Shannon Aldridge, Stephen J. Petersen, Jesse Rogers, Keoni Schwartz, Daniel Rudolph, Kristin Johnson, Kevin Mason, Jason Friedrichs, and Aaron Tankersley (collectively, the "Byrider Franchising Parties"). The Marcantonio Parties alleged that the Byrider Franchising Parties failed to provide services required under the franchise agreement and failed to uniformly enforce systemwide standards, programs, and use of the Byrider trade name, service name, and trademarks, allegedly resulting in other franchisees unfairly competing with the Marcantonio Parties. Based on those allegations, the Marcantonio Parties asserted claims for breach of contract, breach of the covenant of good faith and fair dealing, allowance of tortious interference by other Byrider franchisees, breach of fiduciary duty, fraud, violation of the Indiana Franchise Law (Indiana Code § 23-2-2.5-27), and violation of the Ohio Business Opportunity Purchasers Protection Act (Ohio Rev. Code § 1334.03). Without admitting liability, the parties entered into a settlement agreement on July 21, 2020 under which Anthony Marcantonio paid Byrider Franchising \$25,000 in lump sum within seven days after signing the settlement agreement and further promised to pay Byrider Franchising \$169,000 in monthly installments pursuant to a signed promissory note. The parties dismissed the arbitration with prejudice on July 24, 2020.

Venturcap Investment Group V. LLC, et al. v. Byrider Franchising, LLC, No. 02-18-0004-3851 (American Arbitration Association, Providence, Rhode Island). On November 27, 2018, the claimants, a former franchisee, filed a Request for Mediation and a Demand for Arbitration against Byrider Franchising and sought the enforcement of its indemnification obligation under the franchise agreement, an order directing Byrider Franchising to honor its future indemnification obligations under the franchise agreement, and an unspecified amount of damages, fees, and costs. The claimants alleged that, under the franchise agreement, Byrider Franchising is obligated to indemnify the franchisee's cost and expenses arising out of a lawsuit initiated against it by the Massachusetts Attorney General for alleged unfair and deceptive acts and practices related to the conduct of the Byrider franchise (the "MAG Lawsuit"). The parties entered into a settlement agreement on February 26, 2020 under which Byrider Franchising agreed to pay: (1) the claimants a total amount of \$750,000 into escrow to be released upon settlement of the MAG Lawsuit, consisting of: (i) \$375,000 in lump sum payment; and (ii) \$375,000 in credit for future royalty fee payments; and (2) one-third of the claimants' attorneys' fees and costs incurred in connection with the MAG Lawsuit. The parties dismissed the arbitration with prejudice on March 4, 2020.

Byrider Franchising, LLC v. JDB Utah, LLC, No. 1345001472 (Judicial Arbitration and Mediation Services, Indianapolis, Indiana). On June 17, 2020, Byrider Franchising filed an Amended Demand for Arbitration with JAMS against former franchisees and their affiliates and owners, who continued to operate in their former Byrider franchise locations in Texas and Utah (collectively, "Bradford Parties") after terminating their franchise

agreements. On March 23, 2021, Byrider Franchising filed a Second Amended Statement of Claim, asserting material breaches of the parties' franchise agreements and area development agreement. Byrider Franchising sought damages for past due amounts owed and lost future damages, attorney's fees, interest, and arbitration costs, as well as preliminary and permanent injunctive relief. After filing their answer on July 13, 2020, generally denying each of the asserted claims and further asserting certain affirmative defenses, the Bradford Parties, on July 17, 2020, asserted three counterclaims against Byrider Franchising: (i) breach of each franchise agreement; (ii) breach of the implied covenant of good faith and fair dealing; and (iii) violation of Utah's Consumer Sales Practices Act. Without admitting liability, the parties entered into a settlement agreement on June 21, 2021, pursuant to which the Bradford Parties agreed to pay Byrider Franchising \$1,500,000 in two installments: the first installment of \$900,000 being due at signing, and the second installment of \$600,000 being due two years later. However, the Bradford Parties complied with their obligations under the settlement agreement during such two-year period, and as a condition to the settlement agreement, Byrider Franchising waived the second installment payment.

Legal Action Against Franchisee:

In 2023, Byrider Franchising, as the franchisor under Franchise Agreements executed by it with certain entities owned by Randall Barson, initiated arbitration before JAMS for recovery of damages arising from breach of such entities' Franchise Agreements. An amended and more specific statement of claim was filed with JAMS in July 2024 (Ref. No.: 5340000624).

Other than the above, no litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FEES**

**Franchise Agreement.** You will pay a \$60,000 lump sum franchise fee when you sign the Franchise Agreement. This initial franchise fee is refundable if Byrider Franchising Partners receives written notice from you within 60 days from the date of the Franchise Agreement and you sign the form of general release required by Byrider Franchising Partners. If you purchase additional franchises, you must pay the then-current nonrefundable initial franchise fee for each additional franchise. As of the date of this Disclosure Document, the initial franchise fee for each additional franchise is \$35,000 (if you are a Traditional Franchisee, as provided below) or \$40,000 (if you are an Ultra Franchisee, as provided below). The initial franchise fee for additional franchises is subject to change at the discretion of Byrider Franchising Partners without prior notice. Except as described above, the initial franchise fee is not refundable under any circumstances.

Other than for Byrider Businesses operated by affiliates or other related companies (where the initial franchise fee is and has been waived) the initial franchise fee is and has been uniform.

**Reduced Franchise Fee for Veterans.** If you are a veteran of the U.S. Armed Forces, your initial franchise fee will be reduced by \$10,000. For purposes of determining whether you qualify, a “veteran” means a person who served in the active military, naval, air, or space service, and who was discharged or released therefrom under conditions other than dishonorable. If this applies to you, you will sign the Veteran Discount Addendum (attached as Exhibit K).

**Area Development Agreement Rider.** If you are granted the right to purchase additional franchises, you must sign the applicable Area Development Agreement Rider. If you or your affiliate(s) have signed a Franchise Agreement with Byrider Franchising prior to January 1, 2021 for at least one Byrider Business, and you are otherwise in compliance with that agreement and all other franchise agreements with Byrider Franchising Partners, you will be considered a “Traditional Franchisee.” If you or your affiliate(s) have not signed a Franchise Agreement with Byrider Franchising prior to January 1, 2021 for at least one Byrider Business, then you will be considered a “Ultra Franchisee.” If you are a Traditional Franchisee, you will sign the Traditional Area Development Agreement Rider, attached to this disclosure document as Exhibit C-1 (the “Traditional Area Development Agreement”), or if you are an Ultra Franchisee, you will sign the Ultra Area Development Agreement Rider, attached to this disclosure document as Exhibit C-2 (the “Ultra Area Development Agreement”).

Under the Traditional Area Development Agreement, you must pay us a development fee of \$17,500 multiplied by the number of Byrider Businesses to be developed under the Development Schedule in addition to the first Byrider Business. Under the Ultra Area Development Agreement, you must pay us a development fee of \$20,000 multiplied by the number of Byrider Businesses to be developed under the Development Schedule in addition to the first Byrider Business. The applicable development fee is due and payable at the time you sign the respective Area Development Agreement. We credit the development fee, in \$17,500 (for Traditional Franchisees) or \$20,000 (for Ultra Franchisees) increments, against the respective initial franchise fee that is due as Franchise Agreements are signed until the aggregate amount of such credits equals the initial development fee you paid to us under the respective Area Development Agreement. We will fully earn the development fee due under the respective Area Development Agreement when paid, and you must pay us the development fee in one lump sum. The fee is non-refundable.

**Refer a Franchise Promotions.** From time to time, Byrider Franchising Partners offers a “Refer a Franchise” promotion to its existing Byrider Franchising Partners franchisees. If you are referred to us by an existing franchisee and you open your Byrider business within 18 months of that referral, we will pay that franchisee a one-time referral fee in the amount of \$10,000.

## **ITEM 6**

### **OTHER FEES**

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Ultra2 Royalty Fee	\$5,500-\$7,800 plus 1.65%-1.90% Gross Receipts	Monthly	<p><u>Gross Sales (Byrider Vehicle Sales):</u> (i) during first year of operation of the Business, \$5,500 per month; (ii) during second year of operation of the Business, the greater of \$6,700 or 1% of Gross Sales (Byrider Vehicle Sales); and (iii) after second year of operation of Business, the greater of \$7,800 or 1% of Gross Sales (Byrider Vehicle Sales). See Note 2.</p> <p><u>Gross Receipts (CNAC Collections):</u> After the first year of operation of the Business, 1.90% of your Gross Receipts (CNAC) throughout the remaining term of the Franchise Agreement, except, if you're signing your third (or more) Franchise Agreement, you will pay 1.65% of your Gross Receipts (CNAC Collections), so long as you are in compliance with all Franchise Agreements with Byrider Franchising, Partners and you continue to operate at least two additional Byrider Businesses that are open to the public. If you fail to meet these conditions, you will pay 1.90% for the remaining term of your third (or more) Franchise Agreement.</p> <p><u>Unaffiliated Assignment of Retail Installment Contracts.</u> You may sell and assign retail installment contracts to unaffiliated third parties (each or collectively "Third Party"); provided, however: (i) you must obtain our approval of the Third Party; and (ii) you may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of your Gross Sales 12-month rolling monthly average.</p> <p><u>Third Party Financed Sales Fee.</u> You shall pay to us \$250 per contract sold or assigned at time of vehicle sale from your dealer entity to Third Party ("Third Party Financed Sales Fee").</p> <p><u>Bulk Sale of Accounts Fee.</u> You shall pay a fee equal to 1.9% of gross amounts of Byrider-originated consumer retail installment contracts sold to a third party ("Bulk Sale of Accounts Fee").</p> <p>See also Notes 2, 3 and 4 below.</p>

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Advertising Fee	\$2,450	Monthly	This is paid to Byrider Franchising Partners. Byrider Franchising Partners may increase the monthly contribution, but such increase(s) will not exceed \$400.00 in the aggregate during any 24-month period. The Advertising Fee is used exclusively for the promotion and advertising of the business of all franchisees of the System. All money goes toward franchisees (not the franchisor corporate entity).
National Advertising Fund contribution	Currently, you are not required to contribute to any National Advertising Fund	If due, monthly	Byrider Franchising Partners may require you to contribute to a National Advertising Fund, if established. However, your total contributions to any National Advertising Fund (if established) are subject to the Advertising Spend Cap (4% of your Gross Sales (Byrider Vehicle Sales)). See Note 5 below.
Transfer	\$5,000	Before transfer takes place	Covers the cost of training the new franchisee and other costs should you sell, transfer or assign your interest in the Business.

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Byrider Franchising Partners Proprietary Computer Software Fees	<p>Credit/Debit card: \$0.27 - \$0.38 per transaction</p> <p>Moneygram: \$1.00 per transaction</p> <p>Notice of Incompleteness: \$1.00 to \$1.35 per consumer letter</p> <p>Notice of Adverse Action, Notice of Risk Based Pricing, and Collection Letters: \$1.00 to \$1.35 per notice or letter</p> <p>Google Gemini: \$260.64 per license, 2 licenses per location</p> <p>Google Access and Services: 129.36 per active user</p> <p>Remote VPN Software: \$350 per location each user</p>	<p>Upon billing</p> <p>Upon billing</p> <p>Monthly</p> <p>Monthly</p> <p>Annually</p> <p>Annually</p> <p>Annually</p>	See Note 6 below.
Interest	As accrues at 10%	When past-due fees exist	All Royalty Fees, Advertising Fees, and other amounts you owe to Byrider Franchising Partners bear interest after the date these Fees are due.
Annual Meeting Expenses	Pro rata share of actual cost of event, which typically range between \$599 and \$1,499 for each meeting	Upon billing by Byrider Franchising Partners	Reimbursement for expense of meals, meeting rooms, etc.

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Credit Bureau Dispute Management	\$50.00 per complaint	Upon billing by Byrider Franchising Partners	Optional program to provide credit bureau dispute management.
Byrider Lead Exchange Fee	\$9 - \$21 per lead.	Upon billing by Byrider Franchising Partners	Optional program to provide a national lead exchange.
Webchat	\$300-\$400 per month depending on chat only feature or inclusive of "schedule now".	Upon billing by Byrider Franchising Partners	Optional program to provide webchat.
Rage Dialer	\$300 per month.	Upon billing by Byrider Franchising Partners	Optional program to connect salespeople with shoppers.
Digital Marketing Management	13%-20% of the advertising spend for multipoint	Invoiced monthly by Dealer Services	Managed by third party agencies, this optional service oversees digital marketing strategies for franchisees.
Attorneys' Fees	Actual Costs	As incurred	If you or Byrider Franchising Partners files a suit to enforce a provision of the Franchise Agreement, the losing party pays the prevailing party's reasonable attorneys' fees.
Insurance	Reimbursement of our costs, plus 10% administrative fee	As incurred	If you do not obtain the required insurance coverage, Byrider Franchising Partners may secure coverage for you and charge you the insurance costs and Byrider Franchising Partners' expenses.
Indemnification	Actual costs of claims and of defending claim	Upon notification by Byrider Franchising Partners	You indemnify Byrider Franchising Partners and hold Byrider Franchising Partners harmless from and against all claims and actual costs of defending claims that arise, either directly, or indirectly, from the operation of your Business. See also Note 8 below.

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Penalty for Underpayment of Fees	If underpaid by more than 2%, an amount equal to 3 times the Royalty Fees and/or the Advertising Fees that are due	Upon an audit showing a discrepancy between your books and your royalty payments to Byrider Franchising Partners	See Note 9 below.
Additional Training	Initial Training Program: \$2,500 for each employee in addition to Designated Manager  Premium Compliance Training: \$18 per person/year  Other Training Courses: \$500-\$2,500 per course	When services are rendered or billed annually (premium compliance)	Various courses are offered both in-person and online. Online training via OnTrack is free with the exception of premium compliance content.  Premium Compliance Training fee is subject to change based on annual increase or vendor changes, but it will not be increased annually by more than \$200.00.  See Item 11 for detailed information about training services.
Recruiting Fees	Bulk Purchase: 6 searches for \$10,000  Individual Searches: \$1,500 to \$2,500 per search	When services are rendered  Billed at the initiation of the search	You are able to carry over any unused searches to the first quarter of the following calendar year.  This is an optional retained service provided at a discounted rate. Prices are subject to change. See Note 10 below.
Reputation Management	\$200-\$600	Monthly	Byrider Franchising Partners sends customer reviews via text message to sales and service customers; pricing ranges from \$200-\$600 based on number of accounts.

Name of Fee <sup>1</sup>	Amount	Due Date	Remarks
Compliance Audit	\$500 – first failure \$2,500 – second failure \$10,000 – third failure	As incurred	If you fail a compliance audit (meaning a score of less than 80%) conducted by Byrider Franchising Partners, you must pay Byrider Franchising Partners \$500 plus travel, food and lodging expenses for second audit. If you fail your second audit, you must pay Byrider Franchising Partners \$2,500 plus travel, food and lodging expenses for third audit. If you fail third audit, you must pay Byrider Franchising Partners \$10,000 and Byrider Franchising Partners may terminate the Franchise Agreement.
Fee for Hiring Byrider Franchising Partners' or Other Franchisee's Employees	Three times the annual compensation of such employee	Upon the date you hire such employee	If, during the term of your Franchise Agreement and for a one-year period after the termination or expiration of the Franchise Agreement, you hire any person who is an employee of, or who, within one year of being hired by you, was previously employed by, Byrider Franchising Partners (or any of its affiliates) or another Byrider franchisee, without the written consent of Byrider Franchising Partners (or such affiliate) or such Byrider franchisee, then you must pay a fee equal to three times the annual compensation of the employee you hire to Byrider Franchising Partners (or its affiliate) or the Byrider franchisee.
Development Schedule Extension Fee	\$5,000 per extension	When requested	If you sign an Area Development Agreement, and you are unable to develop a Byrider Business in accordance with the Development Schedule, you may request, and Byrider Franchising Partners may grant you a six-month extension and charge you an extension fee, instead of terminating the Area Development Agreement. The extension fee is paid in a lump sum, due when Franchisee's request is submitted, and is nonrefundable.

<sup>1</sup>/ All fees are payable to Byrider Franchising Partners and are uniform to all franchisees receiving this Disclosure Document. The fees are non-refundable unless otherwise stated. During the term of the Franchise Agreement, Byrider Franchising Partners may offer optional services not currently contemplated for

which Byrider Franchising Partners may charge a fee. Byrider Franchising Partners reserves the right to charge you a technology fee or an accounting fee for analyzing and summarizing your accounting information and/or for providing financial reports and related reports or services. In addition, if Byrider Franchising Partners modifies the System, you pay for those required modifications.

- 2/ You may only sell and assign retail installment contracts to unaffiliated third-parties if (a) you obtain Byrider Franchising Partners' approval of the unaffiliated third-party prior to each sale or assignment, and (b) you may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of the Gross Sales (Byrider Vehicle Sales) during any particular calendar month.
- 3/ **Ultra Franchisee** (this applies if you joined the System after January 1, 2021). If you are an Ultra Franchisee, you will pay the Ultra2 Royalty Fee provided above. Note, the \$7,800 minimum monthly payment provided above in connection with the Gross Sales (Byrider Vehicle Sales) component of the Ultra2 Royalty Fee will increase by 4.0% on January 1<sup>st</sup> of every other year (for example, it will increase by 4.0% on January 1, 2026 and increase by another 4.0% on January 1, 2028, etc.) throughout the term of the Franchise Agreement.

**However, if you or your affiliate(s) have signed a Franchise Agreement prior to January 1, 2021:**

**Traditional Franchisee** (this applies if you joined the System prior to January 1, 2021). If you are a Traditional Franchisee, you will pay the Traditional Royalty Fee as follows:

**Gross Sales (Byrider Vehicle Sales)**: (i) for retail installment contracts assigned to your affiliated CNAC entity, greater of \$6,000 or 2.5% of Gross Sales (Byrider Vehicle Sales) with a maximum monthly payment of: \$7,000 for "Founder Franchisees"; \$8,500 for "Legacy Founder Franchisees" and "Interim Founder Franchisees;" or \$10,000 for "Legacy Interim Founder Franchisees" and Standard Franchisees; and (ii) for retail installment contracts assigned to an approved unaffiliated third-party with contract values, in the aggregate, of not more than 20% of your Gross Sales 12-month rolling monthly average, \$250 per contract sold or assigned at time of vehicle sale from your dealer entity to Third Party for the Third Party Financed Sales Fee.

**Gross Receipts (CNAC Collections)**: 1% of Gross Receipts (CNAC Collections).

**Volume Surcharge**: \$112.00 for every vehicle sold at retail (whether financed or sold for cash) in excess of 75 vehicles at your Business per calendar month.

If this applies to you, you will sign the Traditional and Legacy Royalty Fee Addendum (attached as Exhibit J). The Traditional and Legacy Royalty Fee Addendum will provide your Category Designation before you sign.

If you sign the Traditional and Legacy Royalty Fee Addendum, your Royalty Fee payment will be subject to the following maximum monthly payments (the “Monthly Combined Royalty Cap”):

<b>Category Designation</b>	<b>Monthly Combined Royalty Cap*</b>
Founder Franchisee	\$8,954 per month
Legacy Founder Franchisee	\$11,192 per month
Interim Founder Franchisee	\$11,192 per month
Legacy Interim Founder Franchisee	\$13,431 per month
Standard Franchisee	\$13,431 per month

However, if you or your affiliate(s) have signed a Franchise Agreement prior to January 1, 2021 and would otherwise qualify for the Traditional Royalty Fee, you may elect (if you have not already previously elected) to pay the Multi-Location Flat Rate (“MLFR”), so long as each of your (or your affiliates’) Byrider businesses have at least 51% in common equity ownership and voting control. You (and your affiliates) must continue to operate at least two Byrider Businesses and remain in compliance with all franchise agreements and all other agreements with Byrider Franchising Partners (or its affiliate) to maintain the MLFR option. If you no longer qualify for the MLFR, you (and your affiliates) will revert to paying the Traditional Royalty Fee. The MLFR is calculated as follows:

<b>Number of Byrider Franchised Locations</b>	<b>Founder Franchisee</b>	<b>Legacy Founder Franchisee or Interim Founder Franchisee</b>	<b>Legacy Interim Founder Franchisee or Standard Franchisee</b>
1	\$8,954.00	\$11,192.00	\$12,312.00
2	\$8,954.00	\$11,192.00	\$11,192.00
3	\$8,954.00	\$10,073.00	\$10,073.00
4	\$8,954.00	\$8,954.00	\$8,954.00
5	\$7,835.00	\$7,835.00	\$7,835.00
6	\$6,715.00	\$6,715.00	\$6,715.00
7	\$6,715.00	\$6,715.00	\$6,715.00
8	\$6,715.00	\$6,715.00	\$6,715.00
9	\$6,715.00	\$6,715.00	\$6,715.00
10	\$6,715.00	\$6,715.00	\$6,715.00
10+	\$6,715.00	\$6,715.00	\$6,715.00

All dollar figures represent fixed dollar Royalty Fee due per month for the Business Location and any other Byrider business locations that Franchisee (or its affiliate(s)) operate. The amount owed for each location is calculated by dividing

the sum of the amounts designated in the Category Designation by the number of Byrider Franchised Locations. For example, if Franchisee that has a "Standard Franchisee" Category Designation will pay a Royalty Fee of \$11,192.33 per month, calculated as follows: (a) \$12,312 for the first Byrider Franchised Location, plus \$11,192 for the second Byrider Franchised Location, plus \$10,073 for the third Byrider Franchised Location (in this case, \$33,577), (b) divided by the number of Byrider Franchised Locations that Franchisee (or its affiliate(s)) operate (in this case, three locations), which, in this case, would require (i) Franchisee to pay a Royalty Fee of \$11,192.33 per month for the Franchisee's Business under the Franchise Agreement and (ii) Franchisee (or its affiliate(s)) to pay \$11,192.33 for each of the other Byrider Franchised Locations.

Unaffiliated Assignment of Retail Installment Contracts. You may sell and assign retail installment contracts to unaffiliated third parties (each or collectively "Third Party"); provided, however: (i) you must obtain our approval of the Third Party, which we shall not unreasonably withhold; and (ii) you may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of your Gross Sales 12-month rolling monthly average.

Third Party Financed Sales Fee. You shall pay to us \$250 per contract sold or assigned at time of vehicle sale from your dealer entity to Third Party ("Third Party Financed Sales Fee").

Bulk Sale of Accounts Fee. You shall pay a fee equal to 1.9% of gross amounts of Byrider-originated consumer retail installment contracts sold to a third party ("Bulk Sale of Accounts Fee").

If you elect (or have previously elected) to pay the MLFR, you will sign the Traditional and Legacy Royalty Fee Addendum (attached as Exhibit J). The Traditional and Legacy Royalty Fee Addendum will provide your Category Designation before you sign. If you have previously elected to pay the MLFR, and you have already been assigned a Category Designation, that same Category Designation shall continue to apply, which will be reflected on the Traditional and Legacy Royalty Fee Addendum.

Byrider Franchising Partners may increase: (a) the Volume Surcharge and Monthly Combined Royalty Cap under the Traditional and Legacy Royalty Fee Addendum, and (b) the Royalty Fee under the Traditional and Legacy Royalty Fee Addendum, by the National Consumer Price Index for All Urban Consumers (CPI-U) – All Items (1982-1984 = 100) for the most recent 12-month period from October through September as published by the U.S. Department of Labor, or a successor index. Any increase will be uniformly applied to all franchisees under the same form of franchise agreement. Byrider Franchising Partners will notify you in writing on or before December 1<sup>st</sup> of each calendar year as to any changes in the amounts for the following calendar year.

4/ The term "Gross Sales (Byrider Vehicle Sales)" means the full purchase price of all vehicles sold at retail (whether financed or sold for cash), including charges for vehicle service contracts, documentary fees, and all other fees or charges which accompany the sale, minus overallowances given on trade-in vehicles. For example, the customer's purchase price of the vehicle is \$10,000 and the customer has a trade in with an actual cash value of \$1,000 and assuming no vehicle service contract or other charges. However, the Franchisee offers \$1,500 for the trade in. The "overallowance" is the amount offered of \$1,500 less the actual cash value of \$1,000 equaling \$500. Therefore, "Gross Sales (Byrider Vehicle Sales)" in this example is the full purchase price of \$10,000 less the overallowance of \$500 which equals \$9,500. Not included in "Gross Sales (Byrider Vehicle Sales)" are receipts from "wholesaled vehicles." Wholesaled Vehicles are defined as vehicles sold for resale and for which no sales tax is required.

The term "Gross Receipts (CNAC Collections)" means all monies received, such as payments from customer accounts, deferred down payments, payments from bulk sale of customer accounts, and including all other amounts received, except cash down payment received prior to delivery of the vehicle.

- 5/ Your contributions to any National Advertising Fund (if established) and your Local Advertising Requirement (defined in Item 11) will not collectively exceed 4% of your Gross Sales (Byrider Vehicle Sales).
- 6/ You will pay these recurring fees under the Software Services and User Agreement provided on Exhibit E to the Franchise Agreement.
- 7/ This program provides a centralized call center that collects and processes on time CNAC customer payments. Your enrollment in this program is optional. If you, or your affiliate, already operate a Byrider business, you will be required to pay to participate in this optional program.
- 8/ You must indemnify Byrider Franchising Partners for any claims or costs incurred by Byrider Franchising Partners in defending claims against your Business. Likewise, Byrider Franchising Partners will indemnify you for claims against you and/or your Business that arise from your authorized use of the Marks or from Byrider Franchising Partners' gross negligence or willful misconduct or from any mandatory specification, standard or procedure contained in the Manual that is determined to be unlawful. As long as you give timely notice of these claims to Byrider Franchising Partners, have complied with the Franchise Agreement and Byrider Franchising Partners has participated in the proceeding as it deems necessary, Byrider Franchising Partners pays the reasonable costs that arise from the action.

No other fees or payments are to be paid to Byrider Franchising Partners, and Byrider Franchising Partners will not impose or collect any other fees or payments for any third party, except as above stated.

9/ If an audit shows no discrepancy, Byrider Franchising Partners pays the cost of the audit. If discrepancy is shown, you pay the cost of the audit. You also immediately pay Byrider Franchising Partners the amount owed plus interest at the highest rate allowed by law. If the discrepancy shows that you underpaid Byrider Franchising Partners by more than 2%, and Byrider Franchising Partners concludes that the under payment was intentional or grossly negligent, you promptly pay Byrider Franchising Partners an amount equal to 3 times the Royalty Fees and/or the Advertising Fees that are due, as well as interest at the highest rate allowed by law and all costs and expenses related to the audit by Byrider Franchising Partners representatives including salaries, travel costs, room and board and travel fees.

10/ Byrider Franchising Partners will assist you in connection with certain recruiting efforts on your behalf. However, all employment decisions, including which person to hire and employment terms, will be your decision. The Recruiting Fees include the following recruiting services:

- One free 30-day replacement.
- Tenured talent acquisition team.
- Search strategy creation.
- Job postings on a robust ATS & multiple career sites.
- Texting platform that allows for timely communication.
- SEO optimization.
- Interview process consultation.
- Search job boards for passive candidates.
- Build daily alerts based on title and company.
- Review and screen leads.
- Set interviews with hiring managers.
- Debriefs with the hiring manager and candidate.
- Monitor daily performance of the job opening.
- Help with offer letters.
- Cover counteroffer possibilities with the candidate.
- Candidate engagement during the onboarding process.
- Welcome call to new hire.
- New hire check-in call.

Individual searches (without an annual contract) will cost the following: \$1,500 (for Title Clerk, Admin Assistant, Detailer, or Cashier); \$2,000 (for Sales Associate, Auto Tech, Accountant, Office Manager, Collector, Customer Service Manager/Assistant Service Manager, or Customer Service Writer/Advisor); and \$2,500 (for Finance Manager, Collections Manager, Service Manager, Sales Manager, General Manager, Regional Manager, Buyer, Controller, CFO, or confidential requests).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**ITEM 7****YOUR ESTIMATED INITIAL INVESTMENT****YOUR ESTIMATED INITIAL INVESTMENT – SINGLE BYRIDER BUSINESS**

<b>Expenditures</b>	<b>Estimated Amount or Estimated Low-High Range*</b>	<b>When Payable</b>	<b>Method of Payment</b>	<b>To Whom Paid</b>
Initial Franchise Fee (1)	\$60,000	Upon Execution of Franchise Agreement	Lump sum	Byrider Franchising Partners
Starter Kit (2)	\$0- \$2,500	As arranged	Lump sums as incurred	Approved suppliers
Rent (3 months) (3)	\$30,000- \$60,000	As arranged	Lump sum	Suppliers
Furniture, Fixtures and Equipment (4)*	\$1,500- \$50,000	As arranged	Lump sums as incurred	Suppliers
Service Center Equipment (5)*	\$2,000- \$70,000	As arranged	Lump sums as incurred	Suppliers
Signs and Awnings (6)*	\$2,000- \$50,000	As arranged	Lump sums as incurred	Approved suppliers
Security Deposit for Property and Utilities (7)	\$2,000- \$10,000	As arranged	Lump sums as incurred	Lessor, utility companies
Opening Inventory of Vehicles (8)	\$75,000- \$100,000	As incurred	Lump sums as incurred	Suppliers
Advertising and Grand Opening (9)	\$18,500- \$30,000	As incurred	Lump sum	Suppliers as incurred
Technology/ Phone/Security Systems (10)*	\$5,000- \$40,000	Upon installation	Lump sum	Approved suppliers
Bonds, Licenses and Business Permits (11)	\$1,000- \$5,000	As incurred	Lump sums as incurred	Agencies
Additional Funds – 6 months, see Note (12)	\$750,000- \$1,100,000	As incurred	Lump sums as incurred	Agencies

Expenditures	Estimated Amount or Estimated Low-High Range*	When Payable	Method of Payment	To Whom Paid
<b>TOTAL ESTIMATED INITIAL INVESTMENT (13)</b>	<b>\$947,000-\$1,577,500</b>			

\*The low figures for "Furniture, Fixtures and Equipment," "Service Center Equipment," "Signage and Awning" and "Technology System" represent the first three months' payment for leasing. The high figures represent the full purchase price of these items at the high range estimated investment. The decision whether to lease, mortgage or to purchase these requirements is a business decision you must make depending on your financial resources and financing arrangements you make. Whether you receive adequate financing depends upon, among other factors, your overall creditworthiness. Byrider Franchising Partners may assist and advise you on financing matters with third parties for leasing or purchasing initial items or otherwise, but Byrider Franchising Partners is not obligated to do so. As noted in Item 5, the initial franchise fee is refundable if Byrider Franchising Partners receives written notice from you within 60 days from the date of the Franchise Agreement and you sign the form of general release required by Byrider Franchising Partners. All other amounts reflected in this Item 7 will not be refundable unless you are able to negotiate a refund with the particular supplier.

**Explanatory Notes** (The following numbered items correspond to the numbered items in the chart above.)

1. The initial franchise fee is refundable if Byrider Franchising Partners receives written notice from you within 60 days from the date of the Franchise Agreement and you sign the form of general release required by Byrider Franchising Partners. If you have already signed a Franchise Agreement, the initial franchise fee for each additional franchise that you acquire is \$35,000 for Traditional Franchisees or \$40,000 for Ultra Franchisees. If you are a veteran of the U.S. Armed Forces, your initial franchise fee will be reduced by \$10,000 (see Item 5).

2. At your option, you may purchase a starter kit from our approved suppliers, which currently contains posters, menu boards, springboards, and other internal decorations.

3. The figures in the charts assume you will rent the space for your store and are based on our estimates of the cost of your rent for the premises. The ideal property is approximately 1.5 – 2 acres and the space for your on-premises building typically contains between 3,500 and 6,000 square feet. Rents will vary depending on factors, including size, conditions, location of the premises, the local real estate market conditions, and competition for the rent space. The figures in the charts include the first

three months of rent at an estimated cost of \$26-\$30 per square foot per year for your on-premises building. In addition, some landlords may require additional security deposits or rental payments when you sign a lease agreement. You should carefully investigate and evaluate all the potential costs associated with a particular franchise location. The estimates provided in the charts do not include construction costs. The actual amounts you pay under the lease agreements will vary depending on the size of the store, the types of charges allocated to tenants, your ability to negotiate with landlords, and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your store, your initial investment will most likely be higher than what we estimate above. However, it is difficult to estimate real estate costs, as such costs vary widely by reason of location, type of market, size of parcel, competitive market conditions and type of interest acquired. Additional costs may include legal fees and title recording expenses, all which vary by location.

4. Office furniture and equipment includes furnishings and office decorations, copy machines, fax machines, and other customary office supplies for both the Byrider sales and the CNAC finance offices. The low figure assumes a lease of all office furniture and equipment.

5. The service center has three to six lifts and other equipment, such as a brake lathe, tire balancer, key cutter, etc., which total approximately \$2,000-\$70,000. The low figure assumes a lease of all equipment.

6. You must use signs and awnings with the trademarks that conform with Byrider Franchising Partners' requirements and local zoning laws. The low figure assumes a lease of signage and awnings.

7. Lessor and utility companies may require that you place a deposit before occupation of the business location and before installing telephone, gas, electricity and related utility services. These deposits may be refundable in accordance with the agreements made with the lessor and utility companies. This cost may vary depending upon your local vendors.

8. The amount invested in an initial supply of vehicle inventory depends upon the actual sales volume desired and the cost of vehicles in specific markets. Typically, franchisees will acquire floor plan financing for inventory, which encompasses this estimated range. However, if you elect to rather purchase inventory outright, Byrider Franchising Partners estimates those costs to be up to \$300,000, which is not reflected in the chart above.

9. You must obtain Byrider Franchising Partners' approval for promotions and advertising programs for your grand opening. In addition, you must pay the advertising fees.

10. You will pay for the cost of third-party maintenance for hardware and software. A multi-line phone system will be required to support customers. A security

system will also be necessary, including a safe. The low figures assume a lease of equipment and systems.

11. Regulatory agencies in each state may require you to obtain a dealer's license, finance license, bond, zoning licenses and other business permits.

12. This amount reflects the required working capital for the first six months you operate your business. The majority of the working capital is required to fund your CNAC finance division. The amount required during these six months varies, generally between \$650,000 and \$1,000,000, depending mostly upon the average number of vehicles sold each month and the terms negotiated with any lenders. The additional funds include payroll costs, additional inventory, training, and other typical operating costs during the six-month opening period. Your CNAC finance division will require between \$1 million and \$7 million in working capital as you grow your receivables portfolio over the first three years of operation. This is necessary to allow your CNAC to fund the credit extended to each customer who buys a used vehicle from your Byrider. Your working capital requirements will be affected by your sales volume and customer deal structure.

13. Byrider Franchising Partners relied on years of business experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Byrider Franchising Partners does not offer financing directly or indirectly for any part of the initial investment; although assistance may be provided to obtain financing, Byrider Franchising Partners is not obligated to do so. The availability and terms of financing depends on many factors, such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

#### **YOUR ESTIMATED INITIAL INVESTMENT –**

#### **AREA DEVELOPMENT AGREEMENT RIDER**

Expenditures	Estimated Amount or Estimated Low-High Range* (Traditional Franchisee)	Estimated Amount or Estimated Low-High Range* (Ultra Franchisee)	When Payable	Method of Payment	To Whom Paid
Development Fee (1)	\$17,500-\$87,500	\$20,000-\$100,000	Upon Execution of Area Development Agreement	Lump sum	Byrider Franchising Partners
<b>Total</b>	<b>\$17,500-\$87,500</b>	<b>\$20,000-\$100,000</b>			

**Explanatory Notes** (The following numbered items correspond to the numbered items in the chart above.)

1. The actual amount of the Development Fee is a function of the number of Byrider businesses you commit to developing under the applicable Area Development Agreement. The Development Fee under the Traditional Area Development Agreement is \$17,500 multiplied by the number of franchises that you are obligated to acquire to satisfy your development schedule. The Development Fee under the Ultra Area Development Agreement is \$20,000 multiplied by the number of franchises that you are obligated to acquire to satisfy your development schedule. While Byrider Franchising Partners and you may agree to deviate from it, the standard Area Development Agreement will require you to commit to acquiring between 1 and 5 franchises, in which case the Development Fee will be \$17,500 or \$20,000 (for a 1-franchise commitment), \$35,000 or \$40,000 (for a 2-franchise commitment), \$52,500 or \$60,000 (for a 3-franchise commitment), \$70,000 or \$80,000 (for a 4-franchise commitment) or \$87,500 or \$100,000 (for a 5-franchise commitment). The Development Fee is fully earned by Byrider Franchising Partners upon receipt and is not refundable, but Byrider Franchising Partners will credit it, in \$17,500 (for Traditional Franchisees) or \$20,000 (for Ultra Franchisees) increments, against the Initial Franchise Fees that become due as you execute Franchise Agreements with Byrider Franchising Partners.

The investment shown in this chart does not include the investment required to open a Byrider Business. Refer to the preceding chart for those numbers.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**A. Proprietary Computer Software and Starter Kit.** You must license Byrider Franchising Partners' Proprietary Computer Software from Byrider Franchising Partners and enter into a Software Services and User Agreement (see Exhibit E attached to the Franchise Agreement) with Byrider Franchising Partners for ongoing service and support to the Proprietary Software and all other components of the technology system. Byrider Franchising Partners does not provide lease packages for its Proprietary Software but may provide you with a list of third parties that offer lease packages for the entire technology system as described in Item 11. Any financing you arrange for the purchase or lease of the technology system may not contain terms that encumber the Proprietary Software in any way. Under no circumstances will the ownership rights to the Proprietary Software change from Byrider Franchising Partners to you or to a third party.

You may also purchase a starter kit from Byrider Franchising Partners' approved suppliers for a cost of approximately \$2,500. This kit is assembled to facilitate the start-up phase and general operation of your Business. The starter kit currently contains posters, menu boards, springboards, and other internal decorations.

You are not required to purchase or lease any other computer equipment or software from Byrider Franchising Partners or Byrider Franchising Partners' designated

sources other than Google Workspace licenses and AnyConnect for VPN/NPA services to use the Proprietary Software.

**B. Compliance with Specifications.** Byrider Franchising Partners provides you with specifications for building exterior and interior and exterior signs, awnings and decorating accessories that will be required for the Business. You may purchase or lease original and replacement signs and decorating materials and services that meet these specifications from any source. If you propose to purchase or lease any sign or decorating materials not approved by Byrider Franchising Partners, you must first notify Byrider Franchising Partners. Byrider Franchising Partners may then require you to submit sufficient specifications, photographs, drawings and/or other information and samples to determine whether the sign or decorating materials meets Byrider Franchising Partners' specifications. Byrider Franchising Partners is entitled to actual costs it incurs to carry out these determinations, including costs of analysis and testing. Byrider Franchising Partners will advise you within 30 days of your submission as to whether your proposed sign or decorating materials meet its specifications. Byrider Franchising Partners also provides you with specifications for vehicle inventory that may be displayed and sold at the Business.

**C. Approved Suppliers.** Byrider Franchising Partners may suggest sources that will supply promotional materials, agreements, signs, stationery, and other items necessary for you to operate the Business. The suggested supply source for any item may be either Byrider Franchising Partners or a third party. For your benefit, Byrider Franchising Partners negotiates purchase terms, including favorable price terms, with the approved suppliers. You must purchase certain supplies from sources approved by Byrider Franchising Partners.

If you want to purchase products or services from sources not recommended or approved by Byrider Franchising Partners, you must submit samples and specifications to Byrider Franchising Partners for testing to determine whether the products or services comply with Byrider Franchising Partners' standards and specifications, which Byrider Franchising Partners may periodically modify. You must obtain Byrider Franchising Partners' prior written approval before you use or sell any unapproved products or services. There are no fees or any additional procedures to secure approval to purchase from alternative suppliers. Byrider Franchising Partners may, in its discretion, share such standards and specifications with you and/or approved suppliers, but it is not obligated to do so. Byrider Franchising Partners maintains a list of criteria for reviewing and approving products, services, and suppliers; however, Byrider Franchising Partners does not issue this criteria to you and such criteria for approving suppliers is not available to franchisees. Byrider Franchising Partners will not unreasonably withhold approval and will notify you within 30 days of your request that it has approved or rejected your proposed vendor or supplier. If Byrider Franchising Partners rejects the proposed vendor or supplier, it will give you the reasons for rejection. If Byrider Franchising Partners approves an alternative supplier or product or service, Byrider Franchising Partners may revoke such approval upon 90 days' written notice.

Except for the technology system, there are currently no goods, services, supplies, fixtures, equipment, inventory or real estate for establishing your Business that you must purchase or lease from Byrider Franchising Partners. However, to maintain the quality of goods and services provided by Byrider Businesses and the reputation of the System, Byrider Franchising Partners periodically may require you to purchase or lease other services, equipment, products, materials and supplies that meet specifications and, for some items, Byrider Franchising Partners may require you to purchase or lease from suppliers that Byrider Franchising Partners approves or designates. Except for Grade A Auto Parts (our Chairman, Sean M. Garber, owns an interest), there currently are no suppliers of products, services, equipment, supplies or materials that you must or may purchase in operating the Business in which any officer identified in Item 2 owns an interest.

At Byrider Franchising Partners' discretion, you may participate in Byrider Franchising Partners' Collateral Protection Insurance ("CPI") program that is operated by Byrider Franchising Partners' approved third-party reinsurance entity.

Your purchases from designated or approved suppliers (including us and our affiliates) or in accordance with our standards and specifications are estimated to be 95% to 100% of your total purchases in establishing the Business, and approximately 95% to 100% of your on-going purchases in operating the Business.

You should be aware that there may be price increases in any of the items you must purchase from suppliers and other third parties. Byrider Franchising Partners does not know of any pending price increases, but Byrider Franchising Partners cannot guarantee that increases will not occur.

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

#### **D. Purchase Agreements, Material Benefits and Revenue.**

Byrider Franchising Partners and its affiliates may negotiate purchase arrangements including prices and terms, with designated approved suppliers for Byrider Businesses. Byrider Franchising Partners and its affiliates may receive rebates or other payments from distributors, suppliers and other service providers based (directly or indirectly) on sales to franchisees. Byrider Franchising Partners was formed, and began franchising, in 2024, and thus, neither Byrider Franchising Partners nor any of its affiliates derived revenue or other material consideration from required purchases or leases of products or services from designated or approved suppliers by franchisees in 2023, and neither Byrider Franchising Partners nor its affiliates derived revenue from franchisee purchases or leases in 2023. We provide no material benefits to franchisees based on their use of approved suppliers.

**E. Insurance required.** To standardize insurance and to afford you, Byrider Franchising Partners and your customers protection against insurable risks, Byrider Franchising Partners requires minimum standards and limits for certain types of insurance coverage required to be purchased by you.

You must purchase at your expense and maintain in effect at all times the greater of the insurance coverage by the landlord for the franchised location or the following categories of insurance coverage through licensed and admitted insurance companies acceptable to Byrider Franchising Partners:

- (i) Garage Liability Insurance: \$1,000,000 limit per occurrence with products and completed operations coverage included. Coverage must also include \$1,000,000 for Hired Autos and Non-Owned Autos liability. Coverage must also include a Broadened Garage endorsement for Personal and Advertising liability. You must insure Byrider Franchising Partners against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of the actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to your Business or the Business Location. Byrider Franchising Partners may modify the required amounts from time to time to reflect inflation or further experience with claims.
- (ii) State Required Worker's Compensation and Employer's Liability Insurance: for all employees of your Business.
- (iii) Unemployment Insurance: for all employees of your Business.
- (iv) Truth-in-Lending Act Insurance: not less than \$300,000.
- (v) All Risks Coverage Insurance: on the Business Location and all fixtures, equipment, supplies and other property used in the operation of your Business, for full repair and replacement value of the machinery, equipment, improvements and betterments, without any applicable co-insurance clause except that an appropriate deductible of no more than \$50,000 shall be permitted.
- (vi) Cyber Liability Insurance: not less than \$1,000,000 per occurrence.

Byrider Franchising Partners also recommends, but does not require, that you purchase an umbrella policy in the amount of \$1,000,000 over and above all liability coverage.

It is further recommended that you carry vehicle Title Errors and Omissions Coverage, Federal Odometer Coverage, Equal Credit Opportunity Act and Deceptive Sales Practices Coverage in the amount of \$1,000,000 for each policy.

For all required insurance coverage, you must: (a) name Byrider Franchising Partners and its designated affiliates as additional insureds; (b) ensure that each policy extends to and provides indemnity for all obligations assumed by you under the Franchise Agreement and all other items for which you are required to indemnify Byrider Franchising Partners under the Franchise Agreement; (c) ensure all such insurance coverage is primary to and non-contributory with respect to any other insurance purchased by Byrider Franchising Partners; and (d) provide, by endorsement, that Byrider Franchising Partners

is entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	Sections 6.4 and 7.3 of franchise agreement	Items 7 and 11
b. Pre-opening purchase/leases	Sections 7.2, 7.3 and 9.5 of franchise agreement	Item 7
c. Site development and other pre-opening requirements	Sections 7.2, 7.4, 9.4, 9.5, and Exhibit E of franchise agreement	Item 11
d. Initial and ongoing training	Sections 6.1 and 6.8 of franchise agreement	Items 6 and 11
e. Opening	Section 7.4 of franchise agreement	Items 5, 7, and 11
f. Fees	Sections 9, 13.4 and 18.5 of franchise agreement	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 6.2 and 6.3 of franchise agreement	Item
h. Trademarks and proprietary information	Section 8 of franchise agreement	Items 11, 13 and 14
i. Restrictions on products/services offered	Sections 7.7 and 7.18 of franchise agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 1.2 of franchise agreement	Item 6
k. Territorial development and sales quotas	Sections 4.3 and 4.4 of franchise agreement	Item 12
l. Ongoing product/service purchases	Sections 7.7 of franchise agreement	Items 6, 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 7.5 and 7.15 of franchise agreement	Item 8
n. Insurance	Section 12 of franchise agreement	Item 6

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
o. Advertising	Section 10 of franchise agreement	Items 6 and 11
p. Indemnification	Section 11.3 of franchise agreement	Items 6, 11 and 13
q. Owner's participation/management/staffing	Sections 6.1, 6.6, 6.8, 6.9 and 7.11 of franchise agreement	Item 15
r. Records and reports	Sections 13.1 and 13.2 of franchise agreement	Item 11
s. Inspections and audits	Section 13.3 of franchise agreement	Items 6 and 11
t. Transfer	Section 14 of franchise agreement	Items 6 and 17
u. Renewal	Sections 5.2 and 5.3 of franchise agreement	Item 17
v. Post-termination obligations	Section 17 of franchise agreement	Item 17
w. Non-competition covenants	Section 18 of franchise agreement	Item 17
x. Dispute resolution	Section 19 of franchise agreement	Item 17
y. Other: Guarantee of franchisee obligations (Note 1)	Section 3.6 and Exhibit C of franchise agreement	Items 1 and 15

**Notes:**

(1) Each individual who owns a 50% or greater interest in a franchisee that is a corporation or other business entity must sign a personal guaranty and assumption of franchisee's obligations (Exhibit C), provided that if no one individual owns 50% or greater interest in franchisee, individuals who together own at least 50% interest in franchisee must sign a personal guaranty and assumption of franchisee's obligations (Exhibit C)

## **ITEM 10**

### **FINANCING**

Byrider Franchising Partners does not offer direct or indirect financing. Byrider Franchising Partners does not guarantee your note, lease or obligation.

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, TECHNOLOGY SYSTEM, AND TRAINING**

**Except as listed below, Byrider Franchising Partners is not required to provide you with any assistance.**

#### **A. Pre-Opening Obligations.**

Before you open the Business, Byrider Franchising Partners provides:

1. **Site Approval.** You will select a site for your Business and submit the location to Byrider Franchising Partners for approval. Byrider Franchising Partners approves your Business location if the location is considered appropriate. Byrider Franchising Partners considers several factors when it accepts or rejects a proposed site including demographics of the location, accessibility, daily traffic counts, level of competition, rent and construction costs and whether there is sufficient residential and commercial backup to support the Business. Byrider Franchising Partners will provide you with written notice of approval or disapproval of the proposed site within 30 days after receiving your written proposal. If you do not receive our approval or disapproval within 30 days, the location will be considered disapproved and you will need to resubmit the site. In the event your submitted site is not approved, you will need to submit alternate sites until one is approved. You are responsible for acquiring a suitable site for your Business. Byrider Franchising Partners does not typically own or lease the premises to you. (Franchise Agreement - Article 6.4)

Upon the written approval of the proposed Business location, you will execute a lease (if the Business location is to be leased) or a binding agreement to purchase the site, with terms that have been approved by Byrider Franchising Partners. Byrider Franchising Partners' approval of the lease will be conditioned upon execution of the lease addendum attached as Exhibit G to the Franchise Agreement by you and the landlord.

The typical length of time between the signing of the Franchise Agreement or the first payment of consideration for the Businesses and the opening of the Businesses is about 180 to 360 days. Factors that affect this length of time include the time it takes to arrange financing, meet local ordinances or community requirements and complete delivery of equipment. You must open the Business within 1 year after signing the Franchise Agreement, and if you fail to do so, Byrider Franchising Partners may terminate the Franchise Agreement. If that happens, you will not receive a refund for your initial franchise fee. (Franchise Agreement – Article 16.1).

Under the Area Development Agreement, Byrider Franchising Partners must approve the location of any future/additional Byrider Business that you intend to develop pursuant to the Area Development Agreement. Byrider Franchising Partners'

then-current standards for sites and territories will apply. (Area Development Agreement – Article 2).

2. **Approved Specifications.** As discussed in Item 8, Byrider Franchising Partners identifies the specifications for the building, equipment, furnishings, decor, layout and signs required to open and operate the Business, assists with layout and approves development plans and provides you with a list of approved suppliers and sources for supplies. (Franchise Agreement - Article 6.2).

3. **Operations Manual.** Byrider Franchising Partners makes available to you its Manuals on Byrider Franchising Partners' website. (Franchise Agreement - Article 6.3) The Tables of Contents of the Manuals are attached to this Disclosure Document as Exhibit E. The current Manuals are comprised of approximately 4,800 pages.

4. **Training.** Byrider Franchising Partners provides training for your personnel and provides guidance with staffing and inventory acquisition. (Franchise Agreement - Article 6.1). This training is described in detail later in this Item.

5. **Technology Installation.** You will be responsible for acquiring, installing and maintaining all technology at your location. A stable, business-class internet connection (preferably redundant connections) will be required to access technology resources hosted by Byrider Franchising Partners or third-party providers. Byrider Franchising Partners will provide VPN client access for a fee on a per-user basis (Franchise Agreement - Article 13.2). You are required to maintain a secure environment with regular patching of Operating Systems and software. You may be required to periodically update technology (both hardware and software) at your location to match the current standards as they evolve over time. Byrider Franchising Partners will assist you in the installation of the Proprietary Software in connection with your technology system.

6. **Review of Location Lease.** Byrider Franchising Partners guides you in lease analysis and/or purchase. (Franchise Agreement - Articles 6.4 and 7.3).

## **B. Post-Opening Obligations.**

During your operation of the Business, Byrider Franchising Partners provides:

1. **On-Site Assistance.** Byrider Franchising Partners gives you on-site assistance for your first Business. During the first week that Business is open, Byrider Franchising Partners will, at its own expense, provide at least one Byrider Franchising Partners representative to you at your Business location to facilitate the opening of the Business. The number of days of this on-site assistance visit varies. On-site assistance for opening of additional Businesses is provided if Byrider Franchising Partners considers it appropriate and is provided at Byrider Franchising Partners' expense. If you request additional assistance in opening your Business, and Byrider Franchising Partners

considers it appropriate, Byrider Franchising Partners provides assistance beyond the assistance described above. (Franchise Agreement – Article 6.6)

2. **Periodic Inspection.** Periodically, Byrider Franchising Partners inspects the Business as Byrider Franchising Partners considers necessary, and Byrider Franchising Partners gives you advice about operating your Business. Byrider Franchising Partners also provides information to you about changes and modifications to the System and/or the Manual, guides you in advertising and marketing and gives you forms for required reports you must submit to Byrider Franchising Partners. Periodically, at your request, Byrider Franchising Partners' staff at its principal office will provide you with guidance. You should expect to be audited once annually to ensure compliance with Byrider operations standards; audits are designed to assess compliance with state and federal laws and to review those practices that affect the Byrider brand (Franchise Agreement - Article 6.9).

Periodically, as Byrider Franchising Partners considers necessary, Byrider Franchising Partners inspects your vehicles, supplies, merchandise, methods of service and merchandising and speaks with you and your employees to ensure you are complying with the Franchise Agreement and the standards, established for the System (Franchise Agreement - Article 6.10).

3. **Approval of New Products and Services.** Byrider Franchising Partners considers for approval the products and/or services you submit for approval for use in your Business. (Franchise Agreement - Article 7.7).

4. **Indemnification.** Byrider Franchising Partners will indemnify you against claims and for actual costs associated with defending or participating in a suit or proceeding that arises from your authorized use of the Marks or from Byrider Franchising Partners' gross negligence or willful misconduct or from any mandatory specification, standard or procedure contained in the Manual that is determined to be unlawful. To be indemnified and held harmless by Byrider Franchising Partners, you must give Byrider Franchising Partners timely notice of any suits or proceedings as described above that are pending against you, and you must be in compliance with the Franchise Agreement. Byrider Franchising Partners has the right to participate in and control the suit, proceeding or litigation to the extent Byrider Franchising Partners considers necessary. (Franchise Agreement - Article 11.3).

5. **Advertising Requirements, Guidance and Approval.** Periodically Byrider Franchising Partners provides you with advertising plans, materials and advice on advertising, promotional and public relations matters. (Franchise Agreement - Article 6.9 E).

In addition, Byrider Franchising Partners has the right to approve or disapprove of all advertising and promotional materials you propose to use. (Franchise Agreement - Article 10.1) Advertising is explained in more detail below.

6. **Annual Meetings.** Byrider Franchising Partners holds one to three annual meetings at which you must be represented. Byrider Franchising Partners notifies you of the dates and locations of these meetings, and you are responsible for your own transportation and traveling expenses and your pro rata share of the meeting expenses that are associated with attending these meetings, which typically ranges between \$599 and \$1,499 for each meeting. Byrider Franchising Partners reserves the right to increase or decrease the number of meetings. (Franchise Agreement - Article 6.11).

**C. Advertising Funds.** Advertising through your efforts is placed in television, radio, magazine and newspaper media. You will participate in advertising in local and regional areas. In the future, Byrider Franchising Partners may establish, maintain and administer a National Advertising Fund to expand advertising efforts to national coverage. When and if Byrider Franchising Partners creates this fund, you must contribute to the fund as required by Byrider Franchising Partners. However, your contributions to any National Advertising Fund (if established) and your Local Advertising Requirement (as defined below) will not collectively exceed 4% of your Gross Sales (Byrider Vehicle Sales) (collectively, the "Advertising Spend Cap").

Your required payment of the Advertising Fees to Byrider Franchising Partners, as provided in Item 6, is excluded from the Advertising Spend Cap. These funds are typically spent to produce advertising materials. These funds are not used to place advertisements in any given market. Byrider Franchising Partners may increase the monthly contribution, but such increase(s) will not exceed \$400.00 in the aggregate during any 24-month period.

In 2023, the advertising expenditures were as follows: Production (31.7% of funds); and Administrative Expenses (68.3% of funds). Byrider Franchising Partners is not required to spend any particular amount on advertising in your area or territory. Any fees that are not spent in the year that they are contributed to Byrider Franchising Partners are carried over to the next year. No part of the Advertising Fees is used to solicit franchise sales. Each year, Byrider Franchising Partners will prepare a summary of its collections and activities, and you may obtain a copy of the summary for Byrider Franchising Partners' most recently completed fiscal year by making a written request to Byrider Franchising Partners. Byrider Franchising Partners is not required to have the Advertising Fee fund audited.

Byrider Franchising Partners may conduct its own advertising and may employ advertising agencies to assist in promotions, but is not required to do so. If Byrider Franchising Partners conducts its own advertising, it may prepare national, regional or local advertising materials, programs and public relations activities including video, audio and written materials and electronic media. Byrider Franchising Partners does not have any obligation to advertise in the area near your Business location. You will be permitted to use and publish advertising materials only with Byrider Franchising Partners' approval. In addition, you may not alter approved advertisements except to fill in local identification information.

In addition to the Advertising Fees and contributions to any National Advertising Fund, you must, if requested by Byrider Franchising Partners, join a local advertising co-op, whose membership is defined by the region of your franchised location, and make contributions to that co-op as required by the co-op's by-laws. Byrider Franchising Partners is responsible for administration of the co-op, which must operate from written governing documents that are available for review by you. As well, periodic financial statements are prepared and available for review by you. Byrider Franchising Partners has the power to require a co-op be formed, changed, dissolved or merged. Contributions you make to a co-op will be credited toward the required advertising expenditures as discussed in Article X of the Franchise Agreement and Item 6 of this Disclosure Document. As part of a co-op, you will participate in voting on how to use the funds contributed by all members. Business locations owned by Byrider Franchising Partners or its affiliates will have the same voting power as franchisees. You must spend 2% of your Gross Sales (Byrider Vehicle Sales) on co-op or local advertising (the "Local Advertising Requirement"). Byrider Franchising Partners reserves the right to raise the Local Advertising Requirement to 3% of your Gross Sales (Byrider Vehicle Sales) in the future, subject to the Advertising Spend Cap. Advertising fees must be paid in the above amounts for each Business location. All advertisements must receive Byrider Franchising Partners' approval before publication. In addition, Byrider Franchising Partners retains all ownership rights and title to all advertising materials and before publication must approve your advertisements that are not generated by Byrider Franchising Partners. Business locations owned by Byrider Franchising Partners or its affiliates currently contribute on the same basis as Business locations owned by franchisees.

Byrider Franchising Partners does not have a franchisee advisory council that advises Byrider Franchising Partners on advertising policies, though Byrider Franchising Partners may establish such a council in the future.

**D. Technology System.** The Byrider Franchising Partners technology system is made up of four components: 1) Byrider Franchising Partners Proprietary Software, 2) off-the-shelf (third party) software, 3) local and centralized hardware, and 4) dealer management system with integrated mandatory Customer Relations Management provided at no additional cost to you. The Customer Relations Management assists with Agency and Direct Consumer Complaints. When you receive an Agency Complaint (such as Better Business Bureau, Attorney General, Consumer Financial Protection Bureau, Media, or Private Attorney), you must investigate the complaint, forward the complaint to Byrider Franchising Partners' Customer Service, and timely respond to the Agency; when you receive a Direct Consumer Complaint (i.e., Customer Service phone/email), you will investigate the complaint, resolve it directly, and timely report the results to Customer Service detailing the resolution or action taken. Byrider Franchising Partners' Compliance Department administers the Customer Service mailbox and phone line and tracks the complaints and responses. You are responsible for investigating, taking corrective action, and resolving these complaints. You must license and use the Byrider Franchising Partners technology system necessary to operate your day-to-day business (Franchise Agreement - Article 9.4) and maintain required records (Franchise Agreement - Articles 13.1 - 13.2). Byrider Franchising Partners will have independent access to the data collected in your files.

The cost of technology implemented at the franchise location is the sole responsibility of the franchisee to install, maintain and upgrade. There is a per-site fee to cover VPN clients for accessing Byrider Franchising Partners proprietary systems as well as a per-user fee to license hosted services such as email.

Byrider Franchising Partners owns the Proprietary Software. Byrider Franchising Partners has the sole right to service, update and maintain the Proprietary Software. Byrider Franchising Partners has the right to immediately deny access for specific causes, such as viruses, hackers, or performance degradation. Byrider Franchising Partners maintains a specific level of standards for networks, security, software, hardware, and other features that all franchisees must be in compliance with. These standards are required to facilitate the common services provided by Byrider Franchising Partners, and to minimize disruptions or security concerns throughout the franchise community. Other than the Proprietary Software, Byrider Franchising Partners has no contractual obligation for maintenance, repairs, updates or upgrades to the remaining components to your technology system. We currently estimate that it will cost \$5,000 to \$40,000 to purchase or lease hardware, software and other components of the technology system and the annual cost of maintenance, repairing, updating and upgrading the technology system will likely range from \$0 to \$75,000.

The Byrider Franchising Partners Software consists of programs specially designed to the needs of your Business, and it includes programs that keep track of inventory and vehicle repairs, store customer information, assist in processing financing to customers, perform credit checks and record accounting transactions. Byrider Franchising Partners will have unlimited independent access to the sales and vehicle repair information stored in your files. (Franchise Agreement - Article 13.2).

Byrider Franchising Partners requires some very specific equipment, networking, and software to provide its services. At the time of your purchase, you will be informed of the items that are mandatory and required, and those items that are recommended but can be altered to meet your needs. You should be aware that future changes in computer technology, communication technology, software design, third party vendor technology or business practices, and Byrider Franchising Partners' acquisition of upgraded or new equipment may alter these requirements over time and are subject to change.

During many years of servicing franchisees, these requirements have been designed to ensure a specific level of quality and capabilities are provided by our franchisees to their customers.

Byrider Franchising Partners may also require that you purchase certain software and support agreements directly through Byrider Franchising Partners. This is required only where there is a reasonable support requirement.

Each franchisee is required to utilize qualified local technicians that can support the items that each franchisee uses. Byrider Franchising Partners reserves the right to require the replacement of technical staff at your expense if issues and concerns jeopardize the quality and timeliness completing these items.

You are responsible for the accuracy and legal compliance of all consumer transaction documents for your business.

**E. Training.** Each franchisee must designate a manager who will devote his or her full-time efforts to the management of the day to day operation of your Business ("Designated Manager"). The Designated Manager must attend and successfully complete Byrider Franchising Partners' Initial Training Program to Byrider Franchising Partners' satisfaction at least 14 days prior to the opening. This requirement applies to the Designated Manager who is initially hired and any replacement Designated Managers. The Initial Training Program is available to the Designated Manager and up to three (3) additional employees without charge. Byrider Franchising Partners may charge a nonrefundable fee in the amount of \$2,500 for each additional employee attending the Initial Training Program. The franchisee is responsible for travel and living expenses while employees are in a training mode. Formal training courses are conducted in Carmel, Indiana, at Byrider Franchising Partners' corporate office or selected regional sites. Byrider Franchising Partners representatives provide additional in-store training in conjunction with the business opening. The length of these visits varies. Byrider Franchising Partners offers formal classroom training regularly each year, which are subject to minimum enrollment numbers. Additional training programs may also be offered. Training events are located at Byrider Franchising Partners' corporate office (Carmel, IN), select regional US locations or through webinars. Travel and entertainment expenses for these events are the responsibility of the franchisee. Online training certification is available via Byrider Franchising Partners' corporate learning management system (LMS) (aka currently OnTrack - training.byrider.com) which can be accessed on Byrider Franchising Partners' corporate portal (eByrider.com). Formal, instructor-led courses offered are as follows:

#### **FORMAL, CLASSROOM TRAINING**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Sales Associate & Sales Management Training (required for Designated Manager; recommended for other managers)	16	None	Our Carmel, Indiana headquarters (Byrider Franchise Support Center) and/or regional training location Byrider Franchising Partners selects
CNAC Training (required for Designated Manager; recommended for other managers)	16	None	Our Carmel, Indiana headquarters (Byrider Franchise Support Center) and/or regional training location Byrider Franchising Partners selects

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Vehicle Service Operations & Management (required for Designated Manager; recommended for managers)	16	None	Our Carmel, Indiana headquarters (Byrider Franchise Support Center) and/or regional training location Byrider Franchising Partners selects
Functional (e.g., skip tracing, bankruptcy, etc., recommended for those with a need to know)	16	None	Our Carmel, Indiana headquarters (Byrider Franchise Support Center) and/or regional training location Byrider Franchising Partners selects or via webinars
Accounting and Accounting system training (D365)	16	None	Our Carmel, Indiana headquarters (Byrider Franchise Support Center) and/or regional training location Byrider Franchising Partners selects or via webinars
<b>Total</b>	<b>80</b>	<b>None</b>	

See Exhibit E for the nature of the instructional material for each session.

Formal, classroom training is given by highly experienced Byrider Franchising Partners staff members. Byrider Franchising Partners instructors have decades of experience in the consumer sales and consumer finance industry, including debt collection, accounting, and service management. These courses may involve participation in role play activities and written exams to demonstrate learning and proficiency. Ben Goodman, Byrider Franchising Partners' Vice President Franchising Operations & Development, oversees all training subject matter as well as its application through training and business coaching/support. Mr. Goodman has been with Byrider Franchising Partners since September 2024 and has 31 years' experience in the subject matter being taught.

Additional training and operational information may be obtained online via Byrider Franchising Partners' corporate portal (eByrider.com) and Byrider Franchising Partners' corporate learning management system (LMS) (OnTrack – byriderlearning.com). Questions about training and/or assistance with the learning management system and its content can be obtained at no cost by contacting [traininghelp@byrider.com](mailto:traininghelp@byrider.com). Other than the formal and informal programs and information noted above, it is the expectation of Byrider Franchising Partners that you will ensure that all your employees are trained in accordance with Byrider Franchising Partners' recommended training content and

operational standards. You may be subject to training practices review and progress per Byrider Franchising Partners' corporate compliance auditing processes.

**F. Grand Opening Promotion Assistance.** Byrider Franchising Partners may give you guidance in marketing and promotions for the Grand Opening within the first three months that you operate your Business. (Franchise Agreement - Article 6.7).

## **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.

Your Business will be granted for a specific location or a location subject to Byrider Franchising Partners' approval. You may choose to relocate your Business, but you must first obtain Byrider Franchising Partners' written approval. If your lease for the physical premises of your Business terminates without your fault, or if the physical premises is damaged, condemned or otherwise unusable, or if in your and Byrider Franchising Partners' reasonable judgment there is a change in the character of the location of the Business sufficiently detrimental to its business potential to warrant its relocation, Byrider Franchising Partners will grant permission to you for relocation of the Business.

Byrider Franchising Partners will not operate or grant a franchise for the operation of another Byrider Business, the physical premises of such Business which is located within a protected territory designated by Byrider Franchising Partners (the "Protected Territory"). The boundaries of your Protected Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, a certain radius surrounding the physical premises of your Byrider Business, or otherwise delineated on a map. Byrider Franchising Partners typically grants a Protected Territory comprising a radius of 2 miles surrounding the Business Location. However, Byrider Franchising Partners may operate and grant franchises for the operation of Byrider Businesses in the Protected Territory if Byrider Franchising Partners delivers a notice of default under the Franchise Agreement to you, upon which you do not cure the default within the applicable cure period, if any.

You may solicit customers, and use other methods of distribution, including the Internet, catalog sales, telemarketing, and other direct marketing, outside of your Protected Territory. Further, Byrider Franchising Partners or other franchisees may solicit customers inside your Protected Territory. You will not receive any compensation from Byrider Franchising Partners in connection with any production, distribution or sales described in this paragraph.

Byrider Franchising Partners retains the right to (a) add new programs, products and/or services to the Business at any time; (b) establish, operate and franchise a business offering and selling products and/or services which maybe the same or similar

to the products and services offered by the Business under any trade names, trademarks, service marks or logos other than the Marks; (c) use or license the use of the Marks in business other than the Business; (d) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by the Business, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including within your Protected Territory; (e) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at the Business, or by another business; and (f) engage in all other activities not expressly prohibited under the Franchise Agreement.

If you sign an Area Development Agreement and comply with its terms and conditions, you will be granted a protected territory and Byrider Franchising Partners cannot license other Byrider franchises or open company-owned Byrider Businesses within your protected territory. If you enter into an Area Development Agreement, your protected territory will be comprised of the counties or cities that you have agreed to develop (see Exhibit C). Continuation of your territorial rights under the Area Development Agreement does not depend upon achievement of a certain sales quota, market penetration level, or other contingency. However, we may modify or terminate your rights only if you fail to meet your development schedule or otherwise default under the Area Development Agreement. Byrider Franchising Partners will retain all rights similar to those provided in the previous paragraph with respect to the protected territory granted under the Area Development Agreement. Byrider Franchising Partners must approve the location of any future/additional Byrider Business that you intend to develop pursuant to the Area Development Agreement. Byrider Franchising Partners' then-current standards for sites and territories will apply.

Although Byrider Franchising Partners has no plans to do so, it reserves the right to operate or offer franchises in businesses that sell goods or services similar to or competitive with yours, and Byrider Franchising Partners may offer those goods and services under different trade names or trademarks. And, although Byrider Franchising Partners has no plans to do so, it may establish other franchised or company-owned outlets, which may compete with your location. Byrider Franchising Partners will not compensate you if it exercises these rights.

Except as described above, you have no other options, rights of first refusal or similar rights.

### **ITEM 13**

#### **TRADEMARKS**

Byrider Franchising Partners' principal trademarks are "CNAC CarNow Acceptance Company", "CNAC" and "Byrider". Upon signing the Franchise Agreement, you will have the right to use certain of Byrider Franchising Partners' trademarks, service marks and other commercial symbols in operating the Business (the "Marks").

Byrider Franchising Partners is the owner of the following Marks registered with the United States Patent and Trademark Office on the Principal Register ("USPTO"):

Mark	Registration Number	Registration Date
CNAC CarNow Acceptance Company	1,839,624	June 14, 1994
CNAC	2,539,885	February 19, 2002
CarNow Acceptance Company	4,912,117	March 8, 2016
	2,492,626	September 25, 2001
GOJDB	4,185,747	August 7, 2012
GOJDB.COM	4,403,955	September 17, 2013
	5,992,380	February 18, 2020
	5,992,381	February 18, 2020
	5,893,110	October 22, 2019
	5,992,382	February 18, 2020
BYRIDER	6,356,475	May 18, 2021
	6,356,476	May 18, 2021
BUY. FINANCE. DRIVE ON.	6,356,478	May 18, 2021
	6,356,477	May 18, 2021

Byrider Franchising Partners has filed all required renewals and affidavits with the USPTO.

You must follow Byrider Franchising Partners' rules when you use its Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those Byrider Franchising Partners licenses to you). You will not be permitted to use any Mark in performing any unauthorized services, in selling any unauthorized products or in any other manner Byrider Franchising Partners has not expressly authorized in writing.

Any and all web sites or references made on the Internet relating to the Byrider franchise must be approved by Byrider Franchising Partners prior to being published on the Internet. Any and all web sites must have a banner link to the Byrider Franchising Partners, LLC, corporate home page (<http://www.byrider.com>). Byrider Franchising Partners will supply this image file to you.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the principal trademark. There are no agreements currently in effect that significantly limit Byrider Franchising Partners' rights to use or license the Marks in a manner material to the franchise.

You must notify Byrider Franchising Partners immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than Byrider Franchising Partners, Byrider Franchising Partners' attorneys and your attorneys of this infringement, challenge or claim. Byrider Franchising Partners has sole discretion to take the action it deems appropriate and the right to control exclusively any litigation, Patent and Trademark Office proceeding or any other administrative proceeding from this infringement, challenge or claim concerning any Mark. You must sign any instruments and documents, provide any assistance and take any action that, in the opinion of Byrider Franchising Partners attorneys, may be necessary or advisable to protect and maintain Byrider Franchising Partners interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Byrider Franchising Partners interests in the Marks.

If, in the circumstance of a trademark infringement challenge, Byrider Franchising Partners in its sole discretion directs you to modify or discontinue the use of any Mark or use one or more additional or substitute trade or service marks, you must comply with Byrider Franchising Partners' directions within a reasonable time after receiving notice. Byrider Franchising Partners will reimburse you for your reasonable direct expenses of changing printed advertising and marketing materials for which you have paid. However, Byrider Franchising Partners will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Byrider Franchising Partners will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding from your authorized use of any Mark, and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified Byrider Franchising Partners of the claim or proceeding and otherwise have complied with the Franchise Agreement. Byrider Franchising Partners is entitled, at its option, to defend and control the defense of any proceeding resulting from your use of any Mark.

Byrider Franchising Partners does not actually know of any superior prior rights or of any infringing uses that could materially affect your use of the Marks or a franchisee's use of its principal trademarks in any state.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are material to the franchise, nor do we have any pending patent applications that are material to the franchise.

Byrider Franchising Partners claims copyrights in 5 manuals, which rights were assigned from Byrider Franchising in September 2024: Sales Operations (TXu 1-714-594), CNAC Operations (TXu 1-715-293), J.D. Byrider/CNAC Reports (TXu 1-714-652), Service Operations (TXu 1-714-673), and J.D. Byrider/CNAC Accounting Operations (TXu 1-715-294), all granted on December 16, 2010 (the "Manuals"). In addition, Byrider Franchising Partners claims copyrights in two computer programs: Discover (TX6-082-231) granted on November 8, 2004; and Discover v.2 (TXu 1-719-153) granted on March 8, 2011.

The Manuals and other materials Byrider Franchising Partners possesses contain Byrider Franchising Partners' confidential information. This information includes methods, formats, specifications, standards, systems, procedures, sales and marketing techniques and knowledge of and experience used to develop and operate Byrider Businesses as well as particular methods of processing and tracking financial information about Byrider Franchising Partners customers. The unique formula Byrider Franchising Partners uses for credit approval of Byrider Franchising Partners customers is confidential information. You may not use Byrider Franchising Partners' confidential information in an unauthorized manner either during or after the term of the Franchise Agreement and must take reasonable steps to prevent its disclosure to others. For example, you may not duplicate any part of the Operating Manual, remove the manual at your Business location or fail to return it to Byrider Franchising Partners when the franchise term is over.

All ideas, concepts, techniques, names or materials concerning Byrider Businesses, whether or not they constitute protectable intellectual property, and whether created by or for you or your owners, must be promptly disclosed to Byrider Franchising Partners, and will be deemed to be Byrider Franchising Partners' property and part of its System as works made-for-hire for Byrider Franchising Partners. You and your owners must sign whatever documents Byrider Franchising Partners requests to evidence Byrider Franchising Partners' ownership or to help Byrider Franchising Partners secure intellectual property rights in these ideas, concepts, techniques, names or materials.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit Byrider Franchising Partners' right to use or authorize others to use the copyrighted materials. Furthermore, there are no infringing uses actually known to Byrider Franchising Partners that could materially affect

the use of the copyrighted materials in any state. Byrider Franchising Partners is not required by any agreement to protect, defend, or renew copyrights or confidential information, although it intends to do so when this action is in Byrider Franchising Partners' best interests. Byrider Franchising Partners will indemnify you for claims against you and/or your Business that arise from Byrider Franchising Partners' gross negligence or willful misconduct or from any mandatory specification, standard or procedure contained in the Manual that is determined to be unlawful (including, such copyrighted materials). As long as you give timely notice of these claims to Byrider Franchising Partners, have complied with the Franchise Agreement and Byrider Franchising Partners has participated in the proceeding as it deems necessary, Byrider Franchising Partners pays the reasonable costs that arise from the action.

Microsoft software products may be provided to you as a service by Byrider Franchising Partners, including computer software, associated media, printed materials, and "online" or electronic documentation (collectively "Software Products"). All title and intellectual property rights in and to the Software Products are owned by Microsoft or its suppliers. All title and intellectual property rights in and to the content which may be accessed through use of the Software Products are the property of the respective content owner and may be protected by applicable copyright or other intellectual property laws and treaties. The Software Products are licensed to Byrider Franchising Partners from MSLI, GP ("Microsoft"), a Nevada general partnership and a wholly-owned subsidiary of Microsoft Corporation. Byrider Franchising Partners does not own the Software Products and the use thereof is subject to certain rights and limitations of which you need to be informed. Your right to use the Software Products as a service is pursuant to your agreement with Byrider Franchising Partners and is subject to your understanding of and compliance with the customer license terms provided to you.

## **ITEM 15**

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

**A. Supervision.** As an owner of the Business, you are not required to conduct on-premises supervision or to personally participate in the direct operation of the Business. However, the Business must at all times be under the direct, on-location supervision of a trained and competent employee acting as the Designated Manager. All of your employees must complete training. You or your managers must provide to your employees on-going training when necessary.

**B. Owner's Personal Guaranty.** If you are a corporation or limited liability company (taxed as a corporation), your owners must personally guarantee your obligations under the Franchise Agreement and must agree to be personally bound by and liable for any breach of the Franchise Agreement. If you are a corporate franchisee, a manager must conduct on-premises supervision, but this manager need not have an equity interest in the Business.

**C. Noncompetition Clause.** You will be bound by a non-compete provision (see Item 17 below) and you, your shareholders or employees may also be subject to additional noncompetition guarantees and agreements as established in the Franchise Agreement.

### **ITEM 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Byrider Franchising Partners requires you to offer and sell only those goods and services that Byrider Franchising Partners has approved (see Item 9). You must offer all goods and services that Byrider Franchising Partners designates as required for all franchisees. Currently, franchises offer used vehicles for sale, financing and related products. Byrider Franchising Partners has the right to change the types of authorized goods and services. You will not be restricted as to customers to whom you may offer goods and services.

You may only sell and assign retail installment contracts to unaffiliated third-parties if (a) you obtain Byrider Franchising Partners' approval of the unaffiliated third-party prior to each sale or assignment, and (b) you may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of the Gross Sales (Byrider Vehicle Sales) during any particular calendar month.

You may only provide repair services in connection with your Service Center for vehicles purchased from Byrider-branded businesses, unless Byrider Franchising Partners approves in writing for you to service the general public.

### **ITEM 17**

#### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

##### **THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the franchise agreement, area development agreement and related agreements pertaining to renewal, termination, transfer, and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Article 5.1	Unless sooner terminated, 7 years from the day the Franchise Agreement is signed

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
b.	Renewal or extension of the Term	Articles 5.2 and 5.3	You have the right to obtain three additional, successive franchise terms of five years each. However, if Byrider Franchising Partners is then still in the business of licensing new franchises, you will have the right to obtain unlimited successive franchises of five-years each, so long as you continue to meet the qualifications and conditions for each renewal term.
c.	Requirements for you to renew or extend	Article 5.2	Requirements include a request to obtain successive franchise term, compliance with the Franchise Agreement and with your financial obligations to Byrider Franchising Partners, execution of proper documents. "Renewal" means signing our then current franchise agreement for a five-year successor franchise term, which could contain materially different terms (including fees).
d.	Termination by you	Article 16.3	You may terminate if you are in compliance with the Franchise Agreement, and you notify Byrider Franchising Partners of its material breach, but Byrider Franchising Partners does not cure the breach. The franchisee may terminate the agreement on any grounds available by law.
e.	Termination by Byrider Franchising Partners without cause	N/A	Not applicable.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
f.	Termination by Byrider Franchising Partners with cause	Articles 16.1, 16.2 and 16.4  See also Area Development Agreement, Section 4	You may be terminated before you open if you do not satisfactorily complete the training program prior to opening for business, if you do not open the Business within 1 year of signing the Franchise Agreement, if information you have given to Byrider Franchising Partners is materially false, misleading, incomplete or inaccurate, or if you default under any other agreement with Byrider Franchising Partners (or its affiliates). You may be terminated after you open if you commit one of several violations and do not cure where opportunity to cure defaults is allowed. Under the Area Development Agreement, if you breach any terms of the Area Development Agreement (including your failure to comply with the development schedule), make any material misrepresentations, or any franchise agreement you or your affiliate execute terminates.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
g.	"Cause" defined – defaults which can be cured	Articles 16.2 and 16.4  See also Area Development Agreement, Section 4	10 days to cure amounts due to Byrider Franchising Partners or their affiliates after written notice of the failure; 30 days to cure if 1) you voluntarily or otherwise abandon the Business unless the Business has been closed for a purpose approved by Byrider Franchising Partners, 2) you fail to purchase or maintain the required insurance, 3) you interfere with Byrider Franchising Partners' right to inspect the Business or observe its operation, 4) you make any unauthorized use or disclosure of any part of Byrider Franchising Partners' operations manuals or confidential information; 5) your assets, property, or interests are blocked under any regulation relating to terrorist activities or you violate any such regulation, 6) you fail to comply with any federal, state, or local law, ordinance, or regulation, 7) you fail to pay when due any federal or state taxes due on the Business' operation unless you are in good faith contesting your liability for those taxes, 8) you fail to assign the Franchise Agreement in accordance with the Franchise Agreement in the event of death or disability, 9) the loss of your right to occupy the Business due to a material breach of the lease, 10) you fail to comply with any other provision of the Franchise Agreement. You default under any other agreement with Byrider Franchising Partners or its affiliates, which provides a respective cure period.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
h.	"Cause" defined – defaults which cannot be cured	Articles 16.1, 16.2 and 16.4  See also Area Development Agreement, Section 4	Failure to open the Business within 1 year; failure to complete required initial training prior to opening for business; supplying Byrider Franchising Partners with materially false, misleading, incomplete, or inaccurate information; your software agreement is terminated by Byrider Franchising Partners for breach of its provisions; you make or attempt to make any transfer in violation of Article 14 of the Franchise Agreement, you make an assignment for the benefit of creditors or are deemed insolvent or unable to pay your debts generally as they become due; the business or Business Location is seized, taken over, or foreclosed by a government official, creditor, lienholder, or lessor and final judgment is unsatisfied for thirty days without bond or appeal or a levy of execution has been made upon the licenses granted or upon any property used in the Business and is not discharged within five days of such levy; you or any of your managers, directors, officers or majority stockholder are convicted of, or plead guilty or no contest to, a felony or other criminal misconduct directly related to the operation of the Business. You default under any other agreement with Byrider Franchising Partners or its affiliates, which does not afford you a cure period.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
i.	Your obligations on termination/nonrenewal	Article 17.1	Obligations include payment of outstanding amounts, sale to Byrider Franchising Partners of all assets it selected for your Business at the lower of your cost or fair market value, complete de-identification with Byrider Franchising Partners and return of confidential information (also see below).
j.	Assignment of contract by Byrider Franchising Partners	Article 14.1	No restrictions on Byrider Franchising Partners' right to assign. However, no assignment will be made except to an assignee who, in the good faith and judgment of the franchisor, is willing and able to assume the franchisor's obligations.
k.	"Transfer" by you – definition	Articles 14.2 – 14.3	Includes transfers of rights and interests under the Franchise Agreement and transfers of ownership interest and Business assets.
l.	Byrider Franchising Partners' approval of transfer by you	Articles 14.2- 14.3	Byrider Franchising Partners must give written consent for all transfers but will not unreasonably withhold consent as long as various conditions are being satisfied.
m.	Conditions for Byrider Franchising Partners' approval of transfer	Articles 14.2- 14.3	The new franchisee to whom you transfer must have the skills and resources to fulfill your contract obligations, must undertake all obligations including training and signing a Franchise Agreement; you must release all claims against Byrider Franchising Partners, pay a transfer fee (see Item 6) and comply with the Franchise Agreement including the provisions for Byrider Franchising Partners' right of first refusal (see s and t below).

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
n.	Byrider Franchising Partners' right of first refusal to acquire your business	Article 15	Within 30 days of a notice of assignment from you, Byrider Franchising Partners has the right to match the offer given you by a third party and cause the transfer or assignment to be made to Byrider Franchising Partners.
o.	Byrider Franchising Partners' option to purchase your Business	N/A	Not applicable.
p.	Your death or disability	Article 14.4	Does not constitute an assignment subject to Byrider Franchising Partners' right of first refusal.
q.	Non-competition covenants during the term of the franchise	Article 18.1	Subject to state law, no direct or indirect involvement with the sale of similar products or services by another entity.
r.	Non-competition covenants after the franchise is terminated or expires	Article 18.2	Subject to state law, no interest or involvement in a competing business for 1 year within 25 miles of your Business or within 10 miles of any other Byrider-branded business.
s.	Modification of the Agreement	Article 20.14	Modifications are permitted only with written agreement between you and Byrider Franchising Partners. The procedures, offered products and services and Marks may change at Byrider Franchising Partners' option, and you must comply with the changes at your expense.
t.	Integration/merger clause	Article 20.15	The Franchise Agreement and attached or referenced materials make up the whole understanding between Byrider Franchising Partners and you. Other promises outside of this Franchise Disclosure Document may not be enforceable.

	<b>Provision</b>	<b>Section in Franchise Agreement or other agreement</b>	<b>Summary</b>
u.	Dispute resolution by arbitration	Article 19.1	You and Byrider Franchising Partners will engage in arbitration conducted in Indianapolis, Indiana.
v.	Choice of forum	Article 20.6	Litigation must be in Marion County, Indiana (Subject to State Law)
w.	Choice of law	Article 20.5	Indiana law applies (Subject to State Law)

### **ITEM 18**

#### **PUBLIC FIGURES**

Byrider Franchising Partners does not use any public figures to promote its franchise.

### **ITEM 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The financial information contained in the table below is based on historical performance representations about a subset of the franchise system's existing outlets based on the length of time the outlets have operated, and represents profits, expenses, and other statistics actually experienced by certain Byrider/CNAC businesses commonly called "Franchisee-Owned Stores," which are independently owned and operated. The material financial and operational characteristic of the "affiliate-owned" outlet that is reasonably anticipated to differ from future operational franchised outlets is the capital structure of the business.

The source of the data used in the financial information contained below is the franchise system's accounting software, which was assigned from Byrider Franchising to Byrider Franchising Partners in September 2024.

## **Data Set and Methodology**

As of December 31, 2023, there were a total of 128 Byrider Businesses independently owned and operated by franchisees. However, 15 of those 128 Byrider Businesses were operated by franchisees that, as of September 2024, became affiliates of Byrider Franchising Partners (“Company-Owned Stores”). 92 of the remaining 113 Franchisee-Owned Stores operated during the entirety of 2022 and 2023 (referred to as the “Franchisee Complete Set”), and 8 of the 15 Company-Owned Stores also operated during the entirety of 2022 and 2023 (referred to as the “Company-Owned Complete Set, and together with the Franchisee Complete Set, the “Complete Set”).

For Tables A-1 and A-2 below, Byrider Franchising Partners compiled the data for Byrider Businesses that make up the Franchisee Complete Set, using composites from December 31, 2022 and December 31, 2023, that are not independently audited, using a 2-year annual average, because Byrider Businesses require that loss reserves be established at the time a car is sold and a retail installment contract is initiated. Byrider Franchising Partners compiled the same data for the Byrider Businesses that make up the Company-Owned Complete Set in Tables A-3 and A-4 and did the same for all Byrider Businesses in the Complete Set in Tables A-5 and A-6.

Tables B-1 and B-2 below provides separate figures related to the operations of each of the 92 Franchisee-Owned Stores in the Franchisee Complete Set during 2022 and 2023. Tables B-3 and B-4 below provides separate similar figures related to the operations of each of the 8 Company-Owned Stores in the Company-Owned Complete Set during and 2022 and 2023. Tables B-5 and B-6 below provides separate similar figures related to the operations of each of the 100 Byrider Businesses in the Complete Set during 2022 and 2023.

In each instance in which Byrider Franchising Partners shows an average of a category, Byrider Franchising Partners calculated the average by adding the total amount of that same category for the particular period of time for the franchisee-owned stores in the group, then divided those numbers by the number of franchisee-owned stores in the group. In each instance in which Byrider Franchising Partners shows an average, Byrider Franchising Partners also shows the lowest and highest points in the data set and the median data point. The median is the middle data point; that is, the data point in the center of all data points. Where the number of data points is an even number, there is no middle data point, so the median is the average of the two middle data points.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE A-1**

**Results of Byrider Franchisee-Owned Stores in Complete Set**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Franchisee-Owned Stores**  
**Open 24+ Months as of 12/31/2023**

92 Franchise Locations	Average	% of Revenue	% Met or Exceed	Median	% of Revenue
<b>Annual Vehicle Sales<sup>6</sup></b>	300			285	
<b>Sales Revenue<sup>2,11</sup></b>	5,111,325	73.22%	46.74%	4,883,892	74.48%
<b>Finance Revenue<sup>3,11</sup></b>	1,869,223	26.78%	48.91%	1,789,882	27.30%
<b>Total Revenue<sup>4,11</sup></b>	<b>6,980,548</b>	<b>100.00%</b>	<b>44.57%</b>	<b>6,557,513</b>	<b>100.00%</b>
<b>Cost of Goods Sold<sup>5</sup></b>	4,570,512	65.47%	45.65%	4,420,218	67.41%
<b>Total Gross Profit<sup>7</sup></b>	<b>2,410,036</b>	<b>34.53%</b>	<b>42.39%</b>	<b>2,306,218</b>	<b>35.17%</b>
<b>Total Operating Expense<sup>8</sup></b>	1,977,562	28.33%	40.22%	1,881,341	28.69%
<b>*Net Income from Operations (before taxes)<sup>9</sup></b>	<b>432,474</b>	<b>6.20%</b>	<b>43.48%</b>	<b>380,783</b>	<b>5.81%</b>
<i>Net Income per Vehicle Sold<sup>10</sup></i>	<b>1,440</b>			<b>1,337</b>	
<i>*does not include revenue or expenses from related warranty reinsurance and real estate holding companies</i>					

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE A-2

**Results of Byrider Franchisee-Owned Stores in Complete Set**

Based on 2 Years (period ending December 31 in 2022 and 2023) of Franchisee-Owned Stores Open 24+ Months as of 12/31/2023

**STORE RESULTS BROKEN DOWN INTO QUARTILES**

First Quartile = 23 Stores	First Quartile Average	% Met or Exceed Avg	First Quartile Median	Second Quartile = 23 Stores	Second Quartile Average	% Met or Exceed Avg	Second Quartile Median
Annual Vehicle Sales <sup>6</sup>	384		377	Annual Vehicle Sales <sup>6</sup>	317		298
Sales Revenue <sup>3,11</sup>	6,692,813	72.46%	47.83%	6,648,663	74.89%		
Finance Revenue <sup>3,11</sup>	2,543,236	27.54%	43.48%	2,376,279	26.29%		
Total Revenue <sup>4,11</sup>	<b>9,236,049</b>	<b>100.00%</b>	<b>39.13%</b>	<b>9,030,162</b>	<b>101.19%</b>		
Cost of Goods Sold <sup>5</sup>	5,989,012	64.84%	43.48%	5,955,899	67.84%		
Total Gross Profit <sup>7</sup>	<b>3,247,037</b>	<b>35.16%</b>	<b>34.78%</b>	<b>3,081,579</b>	<b>32.07%</b>		
Total Operating Expense <sup>8</sup>	2,055,025	22.25%	43.48%	1,929,600	18.07%		
*Net Income from Operations (before taxes) <sup>9</sup>	<b>1,192,012</b>	<b>12.91%</b>	<b>43.48%</b>	<b>1,101,989</b>	<b>14.39%</b>		
Net Income per Vehicle Sold <sup>10</sup>	<b>3,101</b>			<b>2,927</b>			
Third Quartile = 23 Stores	Third Quartile Average	% Met or Exceed Avg	Third Quartile Median	Fourth Quartile = 23 Stores	Fourth Quartile Average	% Met or Exceed Avg	Fourth Quartile Median
Annual Vehicle Sales <sup>6</sup>	275		254	Annual Vehicle Sales <sup>6</sup>	225		219
Sales Revenue <sup>2,11</sup>	4,564,640	72.32%	34.78%	4,270,290	71.77%		
Finance Revenue <sup>3,11</sup>	1,747,479	27.68%	43.48%	1,605,537	26.98%		
Total Revenue <sup>4,11</sup>	<b>6,312,119</b>	<b>100.00%</b>	<b>34.78%</b>	<b>5,949,808</b>	<b>100.00%</b>		
Cost of Goods Sold <sup>5</sup>	4,053,081	64.21%	39.13%	3,842,016	64.57%		
Total Gross Profit <sup>7</sup>	<b>2,259,038</b>	<b>35.79%</b>	<b>34.78%</b>	<b>2,019,243</b>	<b>33.94%</b>		
Total Operating Expense <sup>8</sup>	2,009,058	31.83%	34.78%	1,790,371	30.09%		
*Net Income from Operations (before taxes) <sup>9</sup>	<b>249,980</b>	<b>3.96%</b>	<b>65.22%</b>	<b>281,170</b>	<b>4.73%</b>		
Net Income per Vehicle Sold <sup>10</sup>	<b>909</b>			<b>1,109</b>			

\*Does not include revenue or expenses from related warranty reinsurance and real estate holding companies

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE A-3

**Results of Byrider Company-Owned Stores in Complete Set**

Based on 2 Years (period ending December 31 in 2022 and 2023) of Company-Owned Stores Open 24+ Months as of 12/31/2023

8 Franchise Locations	Average	% of Revenue	% Met or Exceed	Median	% of Revenue
Annual Vehicle Sales <sup>6</sup>	309			320	
Sales Revenue <sup>2,11</sup>	5,392,322	70.17%	50.00%	5,529,445	72.51%
Finance Revenue <sup>3,11</sup>	2,292,276	29.83%	50.00%	2,191,053	28.73%
<b>Total Revenue<sup>4,11</sup></b>	<b>7,684,598</b>	<b>100.00%</b>	<b>50.00%</b>	<b>7,625,909</b>	<b>100.00%</b>
Cost of Goods Sold <sup>5</sup>	4,784,802	62.26%	50.00%	4,919,318	64.51%
<b>Total Gross Profit<sup>7</sup></b>	<b>2,899,795</b>	<b>37.74%</b>	<b>50.00%</b>	<b>2,720,436</b>	<b>35.67%</b>
<b>Total Operating Expense<sup>8</sup></b>	<b>1,957,137</b>	<b>25.47%</b>	<b>62.50%</b>	<b>2,045,688</b>	<b>26.83%</b>
<b>*Net Income from Operations (before taxes)<sup>9</sup></b>	<b>942,659</b>	<b>12.27%</b>	<b>37.50%</b>	<b>841,477</b>	<b>11.03%</b>
<i>Net Income per Vehicle Sold<sup>10</sup></i>	<b>3,049</b>			<b>2,628</b>	
<i>*does not include revenue or expenses from related warranty reinsurance and real estate holding companies</i>					

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE A-4

Results of Byrider Company-Owned Stores in Complete Set

Based on 2 Years (period ending December 31 in 2022 and 2023) of Company-Owned Stores Open 24+ Months as of 12/31/2023

STORE RESULTS BROKEN DOWN INTO QUARTILES

First Quartile = 2 Stores	First Quartile Average	% Met or Exceed Avg	First Quartile Median	Second Quartile = 2 Stores	Second Quartile Average	% Met or Exceed Avg	Second Quartile Median
Annual Vehicle Sales <sup>6</sup>	409		409	Annual Vehicle Sales <sup>6</sup>	341		341
Sales Revenue <sup>2,11</sup>	7,444,965	69.34%	50.00%	7,444,965	74.89%		
Finance Revenue <sup>3,11</sup>	3,292,561	30.66%	50.00%	3,292,561	26.29%		
Total Revenue <sup>4,11</sup>	<b>10,737,526</b>	<b>100.00%</b>	<b>50.00%</b>	<b>10,737,526</b>	<b>101.19%</b>		
Cost of Goods Sold <sup>5</sup>	6,592,851	61.40%	50.00%	6,592,851	67.84%		
Total Gross Profit <sup>7</sup>	<b>4,144,675</b>	<b>38.60%</b>	<b>50.00%</b>	<b>4,144,675</b>	<b>32.07%</b>		
Total Operating Expense <sup>8</sup>	2,298,579	21.41%	50.00%	2,298,579	18.07%		
*Net Income from Operations (before taxes) <sup>9</sup>	<b>1,846,096</b>	<b>17.19%</b>	<b>50.00%</b>	<b>1,846,096</b>	<b>14.39%</b>		
Net Income per Vehicle Sold <sup>10</sup>	<b>4,511</b>			<b>4,511</b>			
Third Quartile = 2 Stores	Third Quartile Average	% Met or Exceed Avg	Third Quartile Median	Fourth Quartile = 2 Stores	Fourth Quartile Average	% Met or Exceed Avg	Fourth Quartile Median
Annual Vehicle Sales <sup>6</sup>	218		218	Annual Vehicle Sales <sup>6</sup>	269		269
Sales Revenue <sup>2,11</sup>	3,764,646	66.28%	50.00%	3,764,646	66.28%		
Finance Revenue <sup>3,11</sup>	1,915,162	33.72%	50.00%	1,915,162	33.72%		
Total Revenue <sup>4,11</sup>	<b>5,679,807</b>	<b>100.00%</b>	<b>50.00%</b>	<b>5,679,807</b>	<b>100.00%</b>		
Cost of Goods Sold <sup>5</sup>	3,346,399	58.92%	50.00%	3,346,399	58.92%		
Total Gross Profit <sup>7</sup>	<b>2,333,409</b>	<b>41.08%</b>	<b>50.00%</b>	<b>2,333,409</b>	<b>41.08%</b>		
Total Operating Expense <sup>8</sup>	1,665,580	29.32%	50.00%	1,665,580	29.32%		
*Net Income from Operations (before taxes) <sup>9</sup>	<b>667,829</b>	<b>11.76%</b>	<b>50.00%</b>	<b>667,829</b>	<b>11.76%</b>		
Net Income per Vehicle Sold <sup>10</sup>	<b>3,070</b>			<b>3,070</b>			

\*Does not include revenue or expenses from related warranty reinsurance and real estate holding companies

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE A-5

Results of Byrider Businesses in Complete Set

Based on 2 Years (period ending December 31 in 2022 and 2023) of Byrider Businesses Open 24+ Months as of 12/31/2023

100 Franchise Locations	Average	% of Revenue	% Met or Exceed	Median	% of Revenue
<b>Annual Vehicle Sales<sup>6</sup></b>	301			289	
<b>Sales Revenue<sup>2,11</sup></b>	5,133,804	72.96%	47.00%	4,969,641	74.51%
<b>Finance Revenue<sup>3,11</sup></b>	1,903,067	27.04%	47.00%	1,881,188	28.20%
<b>Total Revenue<sup>4,11</sup></b>	<b>7,036,872</b>	<b>100.00%</b>	<b>45.00%</b>	<b>6,669,982</b>	<b>100.00%</b>
<b>Cost of Goods Sold<sup>5</sup></b>	4,587,655	65.19%	47.00%	4,451,631	66.74%
<b>Total Gross Profit<sup>7</sup></b>	<b>2,449,216</b>	<b>34.81%</b>	<b>43.00%</b>	<b>2,315,282</b>	<b>34.71%</b>
<b>Total Operating Expense<sup>8</sup></b>	1,975,928	28.08%	42.00%	1,889,178	28.32%
<b>*Net Income from Operations (before taxes)<sup>9</sup></b>	<b>473,288</b>	<b>6.73%</b>	<b>44.00%</b>	<b>409,813</b>	<b>6.14%</b>
<i>Net Income per Vehicle Sold<sup>10</sup></i>	<b>1,572</b>			<b>1,417</b>	
<i>*does not include revenue or expenses from related warranty reinsurance and real estate holding companies</i>					

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE A-6

Results of Byrider Businesses in Complete Set

Based on 2 Years (period ending December 31 in 2022 and 2023) of Byrider Businesses Open 24+ Months as of 12/31/2023

STORE RESULTS BROKEN DOWN INTO QUARTILES

First Quartile = 25 Stores	First Quartile Average	% Met or Exceed Avg	First Quartile Median	Second Quartile Average	% Met or Exceed Avg	Second Quartile Median
Annual Vehicle Sales <sup>6</sup>	387		377	312		298
Sales Revenue <sup>2,11</sup>	6,805,906	71.91%	48.00%	6,698,856	74.89%	
Finance Revenue <sup>3,11</sup>	2,658,688	28.09%	48.00%	2,541,467	26.29%	
Total Revenue <sup>4,11</sup>	9,464,594	100.00%	44.00%	9,190,129	101.19%	
Cost of Goods Sold <sup>5</sup>	6,097,281	64.42%	44.00%	5,967,833	67.84%	
Total Gross Profit <sup>7</sup>	3,367,314	35.58%	40.00%	3,168,721	32.07%	
Total Operating Expense <sup>8</sup>	2,095,272	22.14%	48.00%	2,068,291	18.07%	
*Net Income from Operations (before taxes) <sup>9</sup>	1,272,041	13.44%	48.00%	1,257,180	14.39%	
Net Income per Vehicle Sold <sup>10</sup>	3,287		3,339	1,887		2,039
Third Quartile = 25 Stores	Third Quartile Average	% Met or Exceeded Avg	Third Quartile Median	Fourth Quartile Average	% Met or Exceeded Avg	Fourth Quartile Median
Annual Vehicle Sales <sup>6</sup>	284		259	221		219
Sales Revenue <sup>2,11</sup>	4,720,736	72.57%	36.00%	4,382,794	73.15%	
Finance Revenue <sup>3,11</sup>	1,784,025	27.43%	48.00%	1,679,517	28.03%	
Total Revenue <sup>4,11</sup>	6,504,761	100.00%	36.00%	5,991,712	100.00%	
Cost of Goods Sold <sup>5</sup>	4,223,671	64.93%	36.00%	3,854,428	64.33%	
Total Gross Profit <sup>7</sup>	2,281,090	35.07%	36.00%	2,095,379	34.97%	
Total Operating Expense <sup>8</sup>	2,005,546	30.83%	32.00%	1,800,793	30.05%	
*Net Income from Operations (before taxes) <sup>9</sup>	275,545	4.24%	60.00%	292,236	4.88%	
Net Income per Vehicle Sold <sup>10</sup>	971		1,131	-1,105		-807

<sup>6</sup>Does not include revenue or expenses from related warranty reinsurance and real estate holding companies

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## Notes

Note 1 – All reported numbers were rounded to the nearest whole number, and, therefore, products and quotients of the numbers listed in the information table may reflect marginal rounding differences.

Note 2 – “Sales Revenue” means all revenue derived from the sale of vehicles and does not include Finance Revenue as that term is defined below. It also includes documentation fees that may accompany the sale of a vehicle. Sales Revenue as used in this Item 19 is calculated the same as Gross Sales (Byrider Vehicle Sales) as defined in the Franchise Agreement, except that Sales Revenue includes revenue from the sale of wholesaled vehicles, which are vehicles sold for resale and for which no sales tax is required, and Gross Sales (Byrider Vehicle Sales) under the Franchise Agreement does not.

Note 3 –The sale of a vehicle results in a retail installment contract with principal balance bearing interest due from each customer. “Finance Revenue” means the interest income received from customers in connection with retail installment contracts and collateral protection insurance. Finance Revenue as used in this Item 19 is calculated the same as Gross Receipts (CNAC Collections) as defined in the Franchise Agreement, except that Gross Receipts (CNAC Collections) under the Franchise Agreement and Finance Revenue does not.

Note 4 – “Total Revenue” means Sales Revenue plus Finance Revenue.

Note 5 – “Cost of Goods Sold” means the cost of automobiles sold, vehicle service contract claims, warranty reserve, and interest expense on debt associated with receivables financing.

Note 6 – Annual Vehicle Sales equals retail installment contracts generated at Byrider Businesses generally considered in the marketplace to be “sub prime” credit quality with a value less than the full contract amount.

Note 7 – “Total Gross Profit” is calculated by subtracting Cost of Goods Sold from Total Revenue.

Note 8 – “Operating Expenses” includes on-site and off-site costs associated with the operation of a used vehicle sales and finance operation such as salaries, commissions, collection expenses, personnel costs, utilities, telephone, facilities costs, policy, repair expense, advertising, royalties and advertising fund contribution, and others.

Note 9 – “Net Income from Operations” means Total Gross Profit minus Operating Expenses before any federal or state income tax obligations.

Note 10 – “Net Income per Vehicle Sold” means Net Income from Operations divided by the average Annual Vehicle Sales.

Note 11 – please refer to table below regarding the ranges:

<b>Table</b>	<b>Quartile</b>	<b>Type of Revenue</b>	<b>Minimum</b>	<b>Maximum</b>
Table A-1	N/A	Sale Revenue	661,566	14,576,773
		Finance Revenue	445,304	4,091,613
		Total Revenue	1,106,870	18,084,689
Table A-2	1 <sup>st</sup> Quartile	Sale Revenue	3,902,561	14,576,773
		Finance Revenue	1,326,207	3,507,916
		Total Revenue	5,597,936	18,084,689
	2 <sup>nd</sup> Quartile	Sale Revenue	3,312,439	7,716,114
		Finance Revenue	1,318,281	2,936,014
		Total Revenue	4,669,658	9,864,091
	3 <sup>rd</sup> Quartile	Sale Revenue	1,649,084	7,632,094
		Finance Revenue	529,363	4,091,613
		Total Revenue	2,371,667	11,718,635
	4 <sup>th</sup> Quartile	Sale Revenue	661,566	6,768,936
		Finance Revenue	445,304	2,383,440
		Total Revenue	1,106,870	8,436,440
Table A-3	N/A	Sale Revenue	3,634,595	7,513,926
		Finance Revenue	1,064,045	3,540,658
		Total Revenue	4,855,326	11,054,583
Table A-4	1 <sup>st</sup> Quartile	Sale Revenue	7,376,005	7,513,926
		Finance Revenue	3,044,464	3,540,658
		Total Revenue	10,420,469	11,054,583
	2 <sup>nd</sup> Quartile	Sale Revenue	5,751,422	5,869,180
		Finance Revenue	2,298,931	2,665,794
		Total Revenue	8,050,353	8,534,974
	3 <sup>rd</sup> Quartile	Sale Revenue	3,634,595	3,894,696
		Finance Revenue	1,747,149	2,083,175
		Total Revenue	5,381,744	5,977,870
	4 <sup>th</sup> Quartile	Sale Revenue	3,791,281	5,307,469
		Finance Revenue	1,064,045	1,893,996
		Total Revenue	4,855,326	7,201,465
Table A-5	N/A	Sale Revenue	661,566	14,576,773
		Finance Revenue	445,304	4,091,613
		Total Revenue	1,106,870	18,084,689
Table A-6	1 <sup>st</sup> Quartile	Sale Revenue	3,894,696	14,576,773
		Finance Revenue	1,774,030	3,540,658
		Total Revenue	5,977,870	18,084,689
	2 <sup>nd</sup> Quartile	Sale Revenue	3,312,439	7,716,114
		Finance Revenue	1,326,207	2,936,014
		Total Revenue	4,669,658	9,864,091
	3 <sup>rd</sup> Quartile	Sale Revenue	1,649,084	7,632,094
		Finance Revenue	529,363	4,091,613
		Total Revenue	2,371,667	11,718,635
	4 <sup>th</sup> Quartile	Sale Revenue	661,566	6,768,936
		Finance Revenue	445,304	2,383,440
		Total Revenue	1,106,870	8,436,440

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE B-1**

**Byrider Franchised Stores Systemwide Average Figures  
for Franchisee-Owned Stores Included in Tables A-1 and A-2**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Franchisee-Owned Stores  
Open 24+ Months as of 12/31/2023**

92 Franchise Locations	Average	% Met or Exceed Avg.	Median
<b>Vehicle Purchase Price<sup>26</sup></b>	\$6,746	50.00%	\$6,744
<b>Reconditioning Expense<sup>27</sup></b>	\$2,348	54.35%	\$2,319
<b>Down Payment (cash/trade/deferred)<sup>28</sup></b>	\$2,406	56.52%	\$2,334
<b>Gross Mark-Up<sup>29</sup></b>	\$6,911	47.83%	\$6,936
<b>Installment Contract Amount Financed<sup>32</sup></b>	\$14,846	45.65%	\$14,933
<b>Interest Rate<sup>33</sup></b>	21.15%	60.87%	21.00%
<b>Monthly Payment Equivalent Amount<sup>34</sup></b>	\$488	60.87%	\$484
<b>Discount Rate<sup>30</sup></b>	28.84%	25.00%	30.00%
<b>Average Trade Percentage<sup>37</sup></b>	18.66%	60.87%	16.68%
<b>Average CoBuyer Percentage<sup>38</sup></b>	14.78%	58.70%	13.86%
<b>All Delinquency (% of portfolio 1 or more days delinquent)<sup>35</sup></b>	11.27%	56.52%	10.84%
<b>Net Charge Off (as % of Portfolio Amount)<sup>39</sup></b>	1.11%	48.91%	1.12%
<b>Static Pool Charge Off (Originations from 2 Years Prior)<sup>40</sup></b>	23.25%	50.00%	23.23%
<b>Average Cash on Cash (Originations from 2 Years Prior)<sup>41</sup></b>	112.38%	43.48%	112.88%
<b>Warranty Expense/Vehicle Sold<sup>31</sup></b>	\$724	51.09%	\$716
<b>Average Monthly Marketing Expenses<sup>42</sup></b>	\$5,997	45.65%	\$6,217
<b>Average Monthly Operating Expenses<sup>36</sup></b>	\$169,135	60.87%	\$159,436

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE B-2**

**Byrider Franchised Stores Systemwide Average Figures  
for Franchisee-Owned Stores Included in Tables A-1 and A-2**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Franchisee-Owned Stores  
Open 24+ Months as of 12/31/2023**

**STORE RESULTS BROKEN DOWN INTO QUARTILES**

First Quartile = 23 Stores		% Met or Exceed Avg.		Second Quartile = 23 Stores		% Met or Exceed Avg.	
	Average		Median		Average		Median
Vehicle Purchase Price <sup>26</sup>	\$6,746	17.39%	\$7,235	Vehicle Purchase Price <sup>26</sup>	\$6,607	47.83%	\$6,721
Reconditioning Expense <sup>27</sup>	\$2,211	60.87%	\$2,126	Reconditioning Expense <sup>27</sup>	\$2,215	52.17%	\$2,198
Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,380	30.43%	\$2,187	Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,439	52.17%	\$2,455
Gross Mark-Up <sup>29</sup>	\$6,988	52.17%	\$7,007	Gross Mark-Up <sup>29</sup>	\$6,948	52.17%	\$7,092
Installment Contract Amount Financed <sup>32</sup>	\$15,522	60.87%	\$15,689	Installment Contract Amount Financed <sup>32</sup>	\$14,442	52.17%	\$14,621
Interest Rate <sup>33</sup>	20.68%	34.78%	20.32%	Interest Rate <sup>33</sup>	21.55%	47.83%	21.23%
Monthly Payment Equivalent Amount <sup>34</sup>	\$495	52.17%	\$495	Monthly Payment Equivalent Amount <sup>34</sup>	\$485	43.48%	\$478
Discount Rate <sup>30</sup>	29.13%	56.52%	30.00%	Discount Rate <sup>30</sup>	29.86%	78.26%	30.00%
Average Trade Percentage <sup>37</sup>	19.06%	30.43%	16.32%	Average Trade Percentage <sup>37</sup>	17.95%	56.52%	18.38%
Average CoBuyer Percentage <sup>38</sup>	17.46%	39.13%	15.89%	Average CoBuyer Percentage <sup>38</sup>	15.71%	39.13%	14.11%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	9.27%	60.87%	8.36%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	10.40%	52.17%	10.12%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.96%	56.52%	0.93%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.17%	52.17%	1.16%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	19.43%	60.87%	18.70%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	24.43%	52.17%	24.23%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	115.86%	56.52%	116.54%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	111.60%	52.17%	112.08%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$656	43.48%	\$735	Warranty Expense/Vehicle Sold <sup>31</sup>	\$740	52.17%	\$714
Average Monthly Marketing Expenses <sup>42</sup>	\$5,552	47.83%	\$6,204	Average Monthly Marketing Expenses <sup>42</sup>	\$7,147	60.87%	\$6,716
Average Monthly Operating Expenses <sup>36</sup>	\$176,686	56.52%	\$165,214	Average Monthly Operating Expenses <sup>36</sup>	\$159,927	60.87%	\$151,437
Third Quartile = 23 Stores		% Met or Exceed Avg.		Fourth Quartile = 23 Stores		% Met or Exceed Avg.	
	Average		Median		Average		Median
Vehicle Purchase Price <sup>26</sup>	\$6,808	56.52%	\$6,609	Vehicle Purchase Price <sup>26</sup>	\$6,139	52.17%	\$6,139
Reconditioning Expense <sup>27</sup>	\$2,392	56.52%	\$2,325	Reconditioning Expense <sup>27</sup>	\$2,573	52.17%	\$2,560
Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,430	43.48%	\$2,322	Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,376	47.83%	\$2,347
Gross Mark-Up <sup>29</sup>	\$6,901	52.17%	\$6,915	Gross Mark-Up <sup>29</sup>	\$6,807	43.48%	\$6,578
Installment Contract Amount Financed <sup>32</sup>	\$14,878	34.78%	\$14,503	Installment Contract Amount Financed <sup>32</sup>	\$14,541	56.52%	\$14,661
Interest Rate <sup>33</sup>	21.24%	39.13%	21.00%	Interest Rate <sup>33</sup>	21.11%	34.78%	21.00%
Monthly Payment Equivalent Amount <sup>34</sup>	\$486	39.13%	\$482	Monthly Payment Equivalent Amount <sup>34</sup>	\$485	47.83%	\$485
Discount Rate <sup>30</sup>	27.83%	69.57%	30.00%	Discount Rate <sup>30</sup>	28.54%	86.96%	30.00%
Average Trade Percentage <sup>37</sup>	18.94%	39.13%	14.37%	Average Trade Percentage <sup>37</sup>	18.68%	43.48%	15.79%
Average CoBuyer Percentage <sup>38</sup>	12.96%	43.48%	11.24%	Average CoBuyer Percentage <sup>38</sup>	13.01%	47.83%	12.87%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	11.21%	43.48%	11.94%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	14.18%	73.91%	11.14%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.22%	43.48%	1.32%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.10%	52.17%	1.09%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	25.56%	52.17%	25.25%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	23.57%	56.52%	21.54%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	110.69%	56.52%	111.25%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	111.38%	60.87%	112.56%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$709	56.52%	\$687	Warranty Expense/Vehicle Sold <sup>31</sup>	\$791	56.52%	\$762
Average Monthly Marketing Expenses <sup>42</sup>	\$5,739	60.87%	\$4,744	Average Monthly Marketing Expenses <sup>42</sup>	\$5,550	43.48%	\$6,834
Average Monthly Operating Expenses <sup>36</sup>	\$170,450	73.91%	\$156,971	Average Monthly Operating Expenses <sup>36</sup>	\$169,477	47.83%	\$173,368

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## TABLE B-3

**Byrider Franchised Stores Systemwide Average Figures  
for Company-Owned Stores Included in Tables A-3 and A-4**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Company-Owned Stores  
Open 24+ Months as of 12/31/2023**

8 Franchise Locations	% Met or		
	Average	Exceed Avg.	Median
Vehicle Purchase Price <sup>26</sup>	\$5,886	50.00%	\$5,872
Reconditioning Expense <sup>27</sup>	\$2,868	25.00%	\$2,927
Down Payment (cash/trade/deferred) <sup>28</sup>	\$3,393	37.50%	\$3,642
Gross Mark-Up <sup>29</sup>	\$7,447	25.00%	\$7,535
Installment Contract Amount Financed <sup>32</sup>	\$14,572	50.00%	\$14,580
Interest Rate <sup>33</sup>	21.51%	25.00%	22.02%
Monthly Payment Equivalent Amount <sup>34</sup>	\$477	37.50%	\$484
Discount Rate <sup>30</sup>	30.00%	100.00%	30.00%
Average Trade Percentage <sup>37</sup>	32.93%	50.00%	33.58%
Average CoBuyer Percentage <sup>38</sup>	23.69%	37.50%	25.50%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	9.02%	75.00%	8.70%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.78%	37.50%	0.79%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	16.31%	50.00%	15.83%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	123.40%	37.50%	124.90%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$1,012	50.00%	\$992
Average Monthly Marketing Expenses <sup>42</sup>	\$13,377	50.00%	\$12,961
Average Monthly Operating Expenses <sup>36</sup>	\$171,195	37.50%	\$178,632

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE B-4**

**Byrider Franchised Stores Systemwide Average Figures  
for Company-Owned Stores Included in Tables A-3 and A-4**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Company-Owned Stores  
Open 24+ Months as of 12/31/2023**

**STORE RESULTS BROKEN DOWN INTO QUARTILES**

First Quartile = 2 Stores	Average	% Met or Exceed Avg.	Median	Second Quartile = 2 Stores	Average	% Met or Exceed Avg.	Median
Vehicle Purchase Price <sup>26</sup>	\$5,872	50.00%	\$5,872	Vehicle Purchase Price <sup>26</sup>	\$5,958	50.00%	\$5,958
Reconditioning Expense <sup>27</sup>	\$2,978	50.00%	\$2,978	Reconditioning Expense <sup>27</sup>	\$2,963	50.00%	\$2,963
Down Payment (cash/trade/deferred) <sup>28</sup>	\$3,840	50.00%	\$3,840	Down Payment (cash/trade/deferred) <sup>28</sup>	\$3,316	50.00%	\$3,316
Gross Mark-Up <sup>29</sup>	\$7,581	50.00%	\$7,581	Gross Mark-Up <sup>29</sup>	\$7,570	50.00%	\$7,570
Installment Contract Amount Financed <sup>32</sup>	\$14,608	50.00%	\$14,608	Installment Contract Amount Financed <sup>32</sup>	\$14,562	50.00%	\$14,562
Interest Rate <sup>33</sup>	22.12%	50.00%	22.12%	Interest Rate <sup>33</sup>	22.44%	50.00%	22.44%
Monthly Payment Equivalent Amount <sup>34</sup>	\$489	50.00%	\$489	Monthly Payment Equivalent Amount <sup>34</sup>	\$481	50.00%	\$481
Discount Rate <sup>30</sup>	30.00%	100.00%	30.00%	Discount Rate <sup>30</sup>	30.00%	100.00%	30.00%
Average Trade Percentage <sup>37</sup>	37.02%	50.00%	37.02%	Average Trade Percentage <sup>37</sup>	18.75%	50.00%	18.75%
Average CoBuyer Percentage <sup>38</sup>	28.83%	50.00%	28.83%	Average CoBuyer Percentage <sup>38</sup>	14.39%	50.00%	14.39%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	8.44%	50.00%	8.44%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	8.70%	50.00%	8.70%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.66%	50.00%	0.66%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.85%	50.00%	0.85%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	13.73%	50.00%	13.73%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	16.82%	50.00%	16.82%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	127.02%	50.00%	127.02%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	123.67%	50.00%	123.67%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$958	50.00%	\$958	Warranty Expense/Vehicle Sold <sup>31</sup>	\$866	50.00%	\$866
Average Monthly Marketing Expenses <sup>42</sup>	\$12,961	50.00%	\$12,961	Average Monthly Marketing Expenses <sup>42</sup>	\$16,525	50.00%	\$16,525
Average Monthly Operating Expenses <sup>36</sup>	\$201,678	50.00%	\$201,678	Average Monthly Operating Expenses <sup>36</sup>	\$187,540	50.00%	\$187,540
Third Quartile = 2 Stores	Average	% Met or Exceed Avg.	Median	Fourth Quartile = 2 Stores	Average	% Met or Exceed Avg.	Median
Vehicle Purchase Price <sup>26</sup>	\$5,818	50.00%	\$5,818	Vehicle Purchase Price <sup>26</sup>	\$5,898	50.00%	\$5,898
Reconditioning Expense <sup>27</sup>	\$3,042	50.00%	\$3,042	Reconditioning Expense <sup>27</sup>	\$2,486	50.00%	\$2,486
Down Payment (cash/trade/deferred) <sup>28</sup>	\$3,772	50.00%	\$3,772	Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,644	50.00%	\$2,644
Gross Mark-Up <sup>29</sup>	\$7,549	50.00%	\$7,549	Gross Mark-Up <sup>29</sup>	\$7,089	50.00%	\$7,089
Installment Contract Amount Financed <sup>32</sup>	\$14,808	50.00%	\$14,808	Installment Contract Amount Financed <sup>32</sup>	\$14,309	50.00%	\$14,309
Interest Rate <sup>33</sup>	21.87%	50.00%	21.87%	Interest Rate <sup>33</sup>	19.59%	50.00%	19.59%
Monthly Payment Equivalent Amount <sup>34</sup>	\$489	50.00%	\$489	Monthly Payment Equivalent Amount <sup>34</sup>	\$451	50.00%	\$451
Discount Rate <sup>30</sup>	30.00%	100.00%	30.00%	Discount Rate <sup>30</sup>	30.00%	100.00%	30.00%
Average Trade Percentage <sup>37</sup>	45.92%	50.00%	45.92%	Average Trade Percentage <sup>37</sup>	30.01%	50.00%	30.01%
Average CoBuyer Percentage <sup>38</sup>	31.36%	50.00%	31.36%	Average CoBuyer Percentage <sup>38</sup>	20.17%	50.00%	20.17%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	7.92%	50.00%	7.92%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	11.00%	50.00%	11.00%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.64%	50.00%	0.64%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.98%	50.00%	0.98%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	14.15%	50.00%	14.15%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	20.56%	50.00%	20.56%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	127.52%	50.00%	127.52%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	115.40%	50.00%	115.40%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$1,038	50.00%	\$1,038	Warranty Expense/Vehicle Sold <sup>31</sup>	\$1,185	50.00%	\$1,185
Average Monthly Marketing Expenses <sup>42</sup>	\$10,187	50.00%	\$10,187	Average Monthly Marketing Expenses <sup>42</sup>	\$13,836	50.00%	\$13,836
Average Monthly Operating Expenses <sup>36</sup>	\$140,605	50.00%	\$140,605	Average Monthly Operating Expenses <sup>36</sup>	\$154,956	50.00%	\$154,956

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE B-5**

**Byrider Franchised Stores Systemwide Average Figures  
For Stores Included in Tables A-5 and A-6**

**Based on 2 Years (period ending December 31 in 2022 and 2023) of Stores Open 24+ Months  
as of 12/31/2023**

<b>100 Franchise Locations</b>	<b>Average</b>	<b>% Met or Exceed Avg.</b>	<b>Median</b>
<b>Vehicle Purchase Price<sup>26</sup></b>	\$6,677	53.00%	\$6,564
<b>Reconditioning Expense<sup>27</sup></b>	\$2,389	55.00%	\$2,339
<b>Down Payment (cash/trade/deferred)<sup>28</sup></b>	\$2,485	57.00%	\$2,376
<b>Gross Mark-Up<sup>29</sup></b>	\$6,954	49.00%	\$6,967
<b>Installment Contract Amount Financed<sup>32</sup></b>	\$14,824	48.00%	\$14,852
<b>Interest Rate<sup>33</sup></b>	21.18%	58.00%	21.00%
<b>Monthly Payment Equivalent Amount<sup>34</sup></b>	\$487	60.00%	\$484
<b>Discount Rate<sup>30</sup></b>	28.93%	23.00%	30.00%
<b>Average Trade Percentage<sup>37</sup></b>	19.80%	59.00%	17.56%
<b>Average CoBuyer Percentage<sup>38</sup></b>	15.49%	58.00%	14.25%
<b>All Delinquency (% of portfolio 1 or more days delinquent)<sup>35</sup></b>	11.09%	55.00%	10.23%
<b>Net Charge Off (as % of Portfolio Amount)<sup>39</sup></b>	1.08%	50.00%	1.08%
<b>Static Pool Charge Off (Originations from 2 Years Prior)<sup>40</sup></b>	22.69%	50.00%	22.65%
<b>Average Cash on Cash (Originations from 2 Years Prior)<sup>41</sup></b>	113.27%	49.00%	113.42%
<b>Warranty Expense/Vehicle Sold<sup>31</sup></b>	\$747	53.00%	\$734
<b>Average Monthly Marketing Expenses<sup>42</sup></b>	\$6,587	49.00%	\$6,766
<b>Average Monthly Operating Expenses<sup>36</sup></b>	\$169,300	59.00%	\$159,829

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**TABLE B-6**

**Byrider Franchised Stores Systemwide Average Figures  
for Company-Owned Stores Included in Tables A-5 and A-6**  
**Based on 2 Years (period ending December 31 in 2022 and 2023) of Stores Open 24+ Months  
as of 12/31/2023**

**STORE RESULTS BROKEN DOWN INTO QUARTILES**

First Quartile = 25 Stores	Average	% Met or Exceed Avg.	Median	Second Quartile = 25 Stores	Average	% Met or Exceed Avg.	Median
Vehicle Purchase Price <sup>26</sup>	\$7,166	52.00%	\$7,162	Vehicle Purchase Price <sup>26</sup>	\$6,579	48.00%	\$6,721
Reconditioning Expense <sup>27</sup>	\$2,395	64.00%	\$2,134	Reconditioning Expense <sup>27</sup>	\$2,214	48.00%	\$2,287
Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,597	36.00%	\$2,332	Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,552	48.00%	\$2,457
Gross Mark-Up <sup>29</sup>	\$7,148	52.00%	\$7,190	Gross Mark-Up <sup>29</sup>	\$6,942	56.00%	\$7,092
Installment Contract Amount Financed <sup>32</sup>	\$15,484	52.00%	\$15,661	Installment Contract Amount Financed <sup>32</sup>	\$14,388	56.00%	\$14,621
Interest Rate <sup>33</sup>	20.80%	44.00%	20.35%	Interest Rate <sup>33</sup>	21.45%	48.00%	21.23%
Monthly Payment Equivalent Amount <sup>34</sup>	\$495	44.00%	\$487	Monthly Payment Equivalent Amount <sup>34</sup>	\$480	40.00%	\$476
Discount Rate <sup>30</sup>	29.28%	64.00%	30.00%	Discount Rate <sup>30</sup>	29.58%	76.00%	30.00%
Average Trade Percentage <sup>37</sup>	21.55%	40.00%	17.48%	Average Trade Percentage <sup>37</sup>	20.07%	44.00%	18.40%
Average CoBuyer Percentage <sup>38</sup>	18.65%	40.00%	17.39%	Average CoBuyer Percentage <sup>38</sup>	17.46%	48.00%	15.89%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	8.96%	68.00%	8.36%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	10.34%	56.00%	10.02%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	0.90%	52.00%	0.89%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.10%	48.00%	1.11%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	18.26%	60.00%	16.32%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	23.37%	52.00%	23.04%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	117.78%	52.00%	119.92%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	113.13%	56.00%	114.10%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$708	40.00%	\$735	Warranty Expense/Vehicle Sold <sup>31</sup>	\$780	52.00%	\$771
Average Monthly Marketing Expenses <sup>42</sup>	\$7,082	44.00%	\$7,394	Average Monthly Marketing Expenses <sup>42</sup>	\$7,652	64.00%	\$6,816
Average Monthly Operating Expenses <sup>36</sup>	\$181,257	48.00%	\$184,794	Average Monthly Operating Expenses <sup>36</sup>	\$160,803	60.00%	\$150,553
Third Quartile = 25 Stores	Average	% Met or Exceed Avg.	Median	Fourth Quartile = 25 Stores	Average	% Met or Exceed Avg.	Median
Vehicle Purchase Price <sup>26</sup>	\$6,832	52.00%	\$6,672	Vehicle Purchase Price <sup>26</sup>	\$6,132	44.00%	\$6,139
Reconditioning Expense <sup>27</sup>	\$2,385	52.00%	\$2,381	Reconditioning Expense <sup>27</sup>	\$2,563	52.00%	\$2,560
Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,366	44.00%	\$2,319	Down Payment (cash/trade/deferred) <sup>28</sup>	\$2,426	48.00%	\$2,382
Gross Mark-Up <sup>29</sup>	\$6,929	44.00%	\$6,915	Gross Mark-Up <sup>29</sup>	\$6,798	44.00%	\$6,578
Installment Contract Amount Financed <sup>32</sup>	\$14,969	36.00%	\$14,800	Installment Contract Amount Financed <sup>32</sup>	\$14,453	52.00%	\$14,542
Interest Rate <sup>33</sup>	21.34%	40.00%	21.00%	Interest Rate <sup>33</sup>	21.10%	36.00%	21.00%
Monthly Payment Equivalent Amount <sup>34</sup>	\$489	24.00%	\$484	Monthly Payment Equivalent Amount <sup>34</sup>	\$483	52.00%	\$483
Discount Rate <sup>30</sup>	28.21%	72.00%	30.00%	Discount Rate <sup>30</sup>	28.66%	88.00%	30.00%
Average Trade Percentage <sup>37</sup>	18.15%	36.00%	14.37%	Average Trade Percentage <sup>37</sup>	19.42%	44.00%	17.65%
Average CoBuyer Percentage <sup>38</sup>	11.85%	40.00%	11.24%	Average CoBuyer Percentage <sup>38</sup>	14.02%	44.00%	13.24%
All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	11.38%	40.00%	11.94%	All Delinquency (% of portfolio 1 or more days delinquent) <sup>35</sup>	13.67%	72.00%	11.11%
Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.25%	44.00%	1.32%	Net Charge Off (as % of Portfolio Amount) <sup>39</sup>	1.08%	52.00%	1.07%
Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	25.93%	52.00%	25.25%	Static Pool Charge Off (Originations from 2 Years Prior) <sup>40</sup>	23.20%	60.00%	21.54%
Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	110.31%	56.00%	111.25%	Average Cash on Cash (Originations from 2 Years Prior) <sup>41</sup>	111.85%	64.00%	112.96%
Warranty Expense/Vehicle Sold <sup>31</sup>	\$694	56.00%	\$685	Warranty Expense/Vehicle Sold <sup>31</sup>	\$806	52.00%	\$783
Average Monthly Marketing Expenses <sup>42</sup>	\$5,782	56.00%	\$4,802	Average Monthly Marketing Expenses <sup>42</sup>	\$5,833	44.00%	\$6,834
Average Monthly Operating Expenses <sup>36</sup>	\$170,254	76.00%	\$156,971	Average Monthly Operating Expenses <sup>36</sup>	\$164,885	52.00%	\$159,834

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## **Notes**

Note 26 – “Vehicle Purchase Price” means the average acquisition price per vehicle placed in inventory.

Note 27 – “Reconditioning Expense” means the average expense incurred to acquire and make repairs on an inventory vehicle to prepare it for sale to the public.

Note 28 – “Down Payment” means cash, trade in vehicle, and deferred down payments made by customers in purchasing a retail vehicle.

Note 29 – “Gross Mark Up” means the amount inventory is marked up for profit.

Note 30 – “Discount Rate” means the rate the customer accounts are discounted for sale from the Byrider division to the CNAC division.

Note 31 – “Warranty Expense/Vehicle” means the average of expense per vehicle incurred to make warranty repairs to customer vehicles.

Note 32 – “Amount Financed” means the amount of the sale price financed by the Retail Installment Contract for each vehicle.

Note 33 – “Interest Rate” means the average rate of interest charged in the Retail Installment Contract.

Note 34 – “Monthly Payment Equivalent Amount” means the scheduled payment obligation of the customer in the Retail Installment Contract. The majority of payments are made on a semi-monthly or bi-weekly basis and this figure represents the monthly equivalent.

Note 35 – “All Delinquency” means all dollar amounts as a percentage of the portfolio in which the customer is not current on their payments.

Note 36 – “Operating Expenses” includes on-site and off-site costs associated with the operation of a used vehicle sales and finance operation such as salaries, commissions, collection expenses, personnel costs, utilities, telephone, facilities costs, policy, repair expense, advertising, royalties and advertising fund contribution, and others.

Note 37 – “Average Trade Percentage” means the number of vehicles traded in when a consumer purchases are vehicle divided by the number of gross sales.

Note 38 – “Average CoBuyer Percentage” means the number of retail installment contracts with a second guarantor divided by the number of gross sales.

Note 39 – “Net Charge Off” (as a % of portfolio) means the Net Charge Off divided by the Contract Balance from the previous month.

Note 40 – “Static Pool Charge Off” means the Net Charge Off percentage of dollars that were originated 2 years prior.

Note 41 – “Average Cash on Cash” means the amount of cash collected on accounts that were originated 2 years prior divided by the amount financed from origination 2 years prior.

Note 42 – “Average Monthly Marketing Expenses” means the dollars spent on advertising, agencies, and referrals to create brand awareness and acquire new customers.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.**

Byrider Franchising Partners will provide written substantiation for this financial information to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, Byrider Franchising Partners does not make any financial performance representations. Byrider Franchising Partners also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Byrider Business, however, Byrider Franchising Partners may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to Byrider Franchising Partners’ management by contacting Jeffrey B. Higgins, 12802 Hamilton Crossing Blvd., Carmel, Indiana, 46032, 317-249-3000, the Federal Trade Commission, and the appropriate state regulatory agencies.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

All figures in the following tables are as of December 31 of each year. For states not listed in a table, there was no activity to report during our last 3 fiscal years.

Table No. 1

#### Systemwide Outlet Summary For years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	135	137	+2
	2022	137	125	-12
	2023	125	113	-12
Company- Owned	2021	9	9	+0
	2022	9	12	+3
	2023	12	15	+3
Total Outlets	2021	144	146	+2
	2022	146	137	-9
	2023	137	128	-9

Table No. 2

#### Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) For years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Massachusetts	2021	0
	2022	0
	2023	1
Missouri	2021	1
	2022	0

Column 1		Column 2		Column 3	
State		Year		Number of Transfers	
		2023		0	
Texas		2021		0	
		2022		0	
		2023		1	
Total		2021		1	
		2022		0	
		2023		2	

Table No. 3

**Status of Franchise Outlets**  
For years 2021 to 2023

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arkansas	2021	5	2	0	0	0	0	7
	2022	7	0	1	0	0	1	5
	2023	5	0	0	0	0	0	5
Colorado	2021	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Connecticut	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Georgia	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	12	0	0	0	0	0	12
	2022	12	0	1	0	0	0	11
	2023	11	0	2	0	0	0	9
Indiana	2021	14	1	0	0	0	0	15
	2022	15	0	2	0	0	0	13
	2023	13	1	1	0	0	0	13
Iowa	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Kentucky	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Louisiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	0	0	2	0	0	0
Massachusetts	2021	5	0	2	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	1	1	0	0	0	2
Michigan	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Missouri	2021	5	1	1	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	1	0	0	5
Mississippi	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
New York	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Ohio	2021	16	1	1	0	0	0	16
	2022	16	0	6	0	0	0	10
	2023	10	0	2	0	0	0	8
Pennsylvania	2021	11	0	0	0	0	0	11

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	11	0	1	0	0	0	10
	2023	10	0	2	0	0	0	8
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
South Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Tennessee	2021	3	0	0	0	0	1	2
	2022	2	0	2	0	0	0	0
	2023	0	0	0	0	0	0	0
Texas	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10
	2023	10	1	1	0	0	0	10
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
West Virginia	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Wisconsin	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
Totals	2021	135	7	4	0	0	1	137
	2022	137	3	13	0	0	2	125
	2023	125	3	11	3	0	1	113

Table No. 4  
 Status of Company-Owned Outlets  
 For years 2021 to 2023

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Idaho	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Kentucky	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
Ohio	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	2	0	0	0	7
North Carolina	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Tennessee	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
Totals	2021	9	0	0	0	0	9
	2022	9	3	0	0	0	12
	2023	12	0	0	0	3	15

Table No. 5  
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in 2024	Column 4 Projected New Company-Owned Outlet in 2024
Kentucky	0	0	1
North Carolina	1	0	0
Ohio	0	0	1
Total	1	0	2

Exhibit D is a list of the names of all of franchisees of Byrider Businesses as of December 31, 2023. Exhibit H is a list of the names, cities and states, and telephone numbers of franchisees who had a franchise terminated, canceled or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during 2023 or who have not communicated with Byrider Franchising Partners within 10 weeks of the Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Certain franchisees have signed confidentiality clauses during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Byrider franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the Byrider network that are incorporated or otherwise organized under state law and have asked Byrider Franchising Partners to be included in this Disclosure Document.

#### **ITEM 21**

#### **FINANCIAL STATEMENTS**

Exhibit A contains an unaudited opening balance sheet of Byrider Franchising Partners as of September 5, 2024. Byrider Franchising Partners has not been in business for three years or more and cannot include all the financial statements required by the Federal Trade Commission Franchise Rule.

#### **ITEM 22**

#### **CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

- a. Franchise Agreement -- Exhibit B
- b. Traditional Area Development Agreement -- Exhibit C-1
- c. Ultra Area Development Agreement -- Exhibit C-2
- d. Acceptance and Assumption of Obligations Agreement -- Exhibit F
- e. Renewal Addendum – Exhibit I
- g. Traditional and Legacy Royalty Fee Addendum – Exhibit J
- h. Veteran Discount Addendum – Exhibit K
- i. State-Specific Riders to Franchise Agreement and/or Area Development Agreement – Exhibit L

**ITEM 23**

**RECEIPT**

Exhibit M contains detachable documents acknowledging your receipt of the Disclosure Document.

**EXHIBIT A**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**Byrider Franchising Partners, LLC**  
**Preliminary Opening Balance Sheet**  
**As of September 5, 2024**  
**Unaudited**

**Assets:**

Accounts Receivable	2,687,253
Furniture, Fixtures, & Equipment	127,047
Right of Use Asset Operating Lease	549,133
Franchise Rights	880,000
Software & Technology	505,000
Tradename	542,000
Other Assets	1,002,330
<b>Total Assets</b>	<b><u>6,292,762</u></b>

**Liabilities:**

Accounts Payable and Accrued Expenses	884,561
Operating Lease Liability	545,761
Deferred Franchise Fee	370,000
<b>Total Liabilities</b>	<b><u>1,800,322</u></b>

**Owner's Capital**

Owner's Capital	1,875,000
Owner's Earnings	2,617,440
<b>Total Owner's Capital</b>	<b><u>4,492,440</u></b>

**Total Liabilities & Equity**

**6,292,762**

**EXHIBIT B**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**



**FRANCHISE AGREEMENT**

**BETWEEN**

**BYRIDER FRANCHISING PARTNERS, LLC**

**and**

**«Name of Franchisee», «Entity Type»**  
(Name of Franchisee)

**«Street»**  
(Street)

<b><u>«City»,</u></b>	<b><u>«State»</u></b>	<b><u>«Zip_Code»</u></b>
City	State	Zip Code

**«Telephone»**  
Telephone

**«Fax»**  
Fax Number

**BUSINESS LOCATION**

**«Business\_Location»**

**IDENTIFICATION #\_\_\_\_\_**

**BYRIDER FRANCHISING PARTNERS, LLC**  
**FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<b><u>ARTICLE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
ARTICLE I RECITALS .....		1
1.1    Right to License.....		1
1.2    The System.....		1
1.3    The Trade/Service Marks.....		1
1.4    Grant of Licenses.....		1
1.5    Agreement to Obtain/Grant Franchise.....		1
ARTICLE II ACKNOWLEDGMENTS.....		2
2.1    Independent Investigation.....		2
2.2    Existing Franchisees.....		2
2.3    No Representations Regarding Profits of the Franchise.....		2
2.4    No Representations Regarding Profits of the Company or System.....		2
2.5    Reservation of Rights by the Company.....		2
2.6    Different Franchise Agreements.....		2
2.7    Franchise Disclosure Document.....		2
2.8    No Representation Regarding Licenses/Permits.....		3
2.9    The Franchisee's Advisors.....		3
2.10    Covenants Not to Compete.....		3
2.11    The Franchisee Information.....		3
ARTICLE III CERTAIN DEFINITIONS .....		3
3.1    Advertising Fee.....		3
3.2    Affiliate.....		3
3.3    Business.....		3
3.4    Business Location.....		3
3.5    Confidential Information.....		4
3.6    Franchisee.....		4
3.7    Gross Sales/Gross Receipts.....		4
3.8    Initial Franchise Fee.....		5
3.9    Service Center.....		5
3.10    Royalty Fee.....		5
3.11    Transfer Fee.....		6
ARTICLE IV GRANT OF BYRIDER FRANCHISE.....		6
4.1    Grant of Franchise and License.....		6
4.2    Retention of Rights.....		7
4.3    Relocation.....		7
4.4    The Franchisee's Restrictions.....		7

**TABLE OF CONTENTS**  
**(Continued)**

<b><u>ARTICLE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
ARTICLE V TERM AND SUCCESSOR FRANCHISE AGREEMENTS ..... 8		
5.1	Term. ....	8
5.2	Right to Obtain Successor Franchise Agreements. ....	8
5.3	Form and Manner of Exercising Right to Obtain a Successor Franchise. ....	9
ARTICLE VI SERVICES OF THE COMPANY ..... 10		
6.1	Initial Training Program and Technology System Installation. ....	10
6.2	Specifications for Building, Equipment, Signs and Supplies. ....	11
6.3	Confidential Operating Manual. ....	11
6.4	Company's Site Approval. ....	12
6.5	Company Approval of Business Location. ....	12
6.6	On-Site Assistance. ....	12
6.7	Grand Opening. ....	12
6.8	Additional Training. ....	13
6.9	Guidance. ....	13
6.10	Operating Assistance-Inspections. ....	13
6.11	Annual Meetings. ....	13
ARTICLE VII OPENING AND OPERATION OF THE BUSINESS ..... 14		
7.1	Business Location. ....	14
7.2	Construction of Business Location. ....	15
7.3	Location Lease or Purchase Agreement. ....	15
7.4	Opening for Franchisee's Business. ....	15
7.5	Maintain Standards, Upgrades. ....	16
7.6	Use of Business Location. ....	16
7.7	Approved Suppliers. ....	16
7.8	Compliance with Laws. ....	16
7.9	Payment of Liabilities and Taxes. ....	17
7.10	Standardization. ....	17
7.11	Management. ....	17
7.12	Employee Training. ....	17
7.13	Unauthorized Activities. ....	17
7.14	Notice to the Company. ....	17
7.15	Modifications to the System. ....	18
7.16	Confidential Information. ....	18
7.17	Service Center Operations. ....	19
7.18	Information Security. ....	19
ARTICLE VIII TRADEMARKS ..... 19		
8.1	Ownership. ....	19
8.2	Use. ....	19
8.3	Infringement. ....	20
8.4	Substitutions. ....	20

**TABLE OF CONTENTS**  
**(Continued)**

<b><u>ARTICLE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
ARTICLE IX FEES .....		21
9.1    Initial Franchise Fee.....		21
9.2    Royalty and Advertising Fee. ....		21
9.3    Payment.....		21
9.4    Technology System Fees. ....		22
9.5    Reputation Management Fee. ....		22
ARTICLE X ADVERTISING AND PROMOTION .....		22
10.1   Advertising Fee.....		22
10.2   National Advertising Fund.....		23
ARTICLE XI RELATIONSHIP OF PARTIES/INDEMNIFICATION .....		23
11.1   Relationship of the Parties. ....		23
11.2   No Liability for Acts of the Other.....		23
11.3   Indemnification. ....		24
ARTICLE XII INSURANCE .....		24
12.1   Required Insurance. ....		24
12.2   The Company's Right to Purchase. ....		26
12.3   Disclaimer. ....		26
12.4   Proof of Insurance.....		26
12.5   Notice of Claims. ....		26
12.6   Failure to Insure - Right to Terminate. ....		26
12.7   Minimum Coverages.....		27
ARTICLE XIII REPORTS, FINANCIAL STATEMENTS, AND AUDIT RIGHTS .....		27
13.1   Books and Records. ....		27
13.2   Computer Records. ....		28
13.3   Audit of Books and Records.....		28
13.4   Compliance Audits.....		28
ARTICLE XIV TRANSFER OF FRANCHISE.....		29
14.1   Assignment by the Company.....		29
14.2   Assignment by Franchisee to a Wholly-Owned Corporation or Limited Liability Company or Other Business Entity.....		29
14.3   Assignment by Franchisee to Third Party.....		29
14.4   Death or Incapacity of the Franchisee. ....		33
14.5   Effect of Consent to Transfer.....		33
14.6   No Encumbrance.....		33
ARTICLE XV RIGHT OF FIRST REFUSAL .....		34
15.1   Procedure Regarding Right of First Refusal and Assignment.....		34
15.2   Right of First Refusal.....		34
15.3   Company Objections/Conditions to Assignment.....		34

**TABLE OF CONTENTS**  
**(Continued)**

<b><u>ARTICLE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
15.4	Change in Terms/Conditions of Assignment.....	34
15.5	Failure of Assignment - New Right of First Refusal.....	34
 <b>ARTICLE XVI DEFAULT &amp; TERMINATION.</b> .....		 35
16.1	The Company's Right to Terminate Prior to Opening.....	35
16.2	The Company's Right to Terminate After Opening.....	35
16.3	Franchisee's Rights to Terminate.....	38
16.4	Cross-Default.....	38
 <b>ARTICLE XVII OBLIGATIONS UPON TERMINATION.</b> .....		 39
17.1	Obligations.....	39
17.2	Termination of Access to BYRIDER Computer Software.....	39
17.3	Survival of Obligations.....	39
 <b>ARTICLE XVIII COVENANTS NOT TO COMPETE</b> .....		 40
18.1	In-Term Covenant Not To Compete.....	40
18.2	After Termination.....	40
18.3	Covenants by Franchisee's Personnel.....	40
18.4	Enforcement of Covenants Not To Compete.....	41
18.5	Fee for Employment Practices.....	41
 <b>ARTICLE XIX ARBITRATION</b> .....		 41
19.1	Arbitration.....	41
 <b>ARTICLE XX MISCELLANEOUS</b> .....		 43
20.1	Severability.....	43
20.2	No Third Party Rights.....	43
20.3	Captions.....	43
20.4	Counterparts.....	43
20.5	Governing Law.....	43
20.6	Choice of Forum.....	44
20.7	Jury Trial Waiver.....	44
20.8	Punitive Damage Waiver.....	44
20.9	Limitation of Actions.....	44
20.10	Waiver.....	44
20.11	Royalty Fee.....	44
20.12	Attorneys' Fees.....	44
20.13	Notices - Approvals.....	44
20.14	Binding Effect.....	45
20.15	Complete Agreement.....	45
20.16	Confidentiality.....	45
20.17	Submission of Agreement.....	46
20.18	Compliance with Anti-Terrorism Laws.....	46
20.19	Disclosure of Franchisee Shareholders.....	46

**TABLE OF CONTENTS**  
**(Continued)**

<b><u>ARTICLE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
-----------------------	---------------------------	--------------------

**Exhibits**

Exhibit A	- Business Location	
Exhibit B	- Royalty Category and Additional Franchise Category	
Exhibit C	- Personal Guaranty and Assumption of Franchisee's Obligations	
Exhibit D	- Byrider Software Services and User Agreement	
Exhibit E	- Disclosure Acknowledgment Statement	
Exhibit F	Lease Addendum	
Exhibit G	Affiliated Entity Joinder re Business Location	
Exhibit H	Owner's Joinder	

## **FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (sometimes referred to herein as "Agreement") made and entered into this «Day» day of «Month», «Year», by and between Byrider Franchising Partners, LLC, a Delaware limited liability company, having its principal office at 12802 Hamilton Crossing Blvd., Carmel, Indiana 46032 (herein called the "Company") and «Name of Franchisee», «Entity Type», having principal offices at «Street», «City», «State» «Zip Code» (herein called the "Franchisee").

### **ARTICLE I**

#### **RECITALS**

1.1 **Right to License.** The Company has the right to license the formats, systems, methods, procedures and standards for establishing, developing and operating a business under the Marks (as defined below) offering used vehicles and, in connection therewith, financing services (herein sometimes called the "BYRIDER business" and the "CNAC business," respectively, and collectively the "System").

1.2 **The System.** The distinguishing characteristics of the System include, without limitation, a facility for the Business Location wherein such business is conducted; a system for establishing and operating a business for the offer and sale and service of used vehicles; a system for the financing of primarily used vehicles; BYRIDER Computer Software; exterior and interior design, decor, layout and color scheme; exclusively designed signage; confidential operating procedures; methods and techniques for inventory and cost controls, collections, record keeping, accounting and reporting, personnel management, purchasing, service and reconditioning, sales promotion, marketing and advertising all of which may be changed, improved and further developed by the Company from time to time. Also included in the system is a requirement that all franchisees offer a warranty program with the sale of every vehicle.

1.3 **The Trade/Service Marks.** The Company is the owner of and has the right to license the use of the name "CNAC", "CNAC CARNOW ACCEPTANCE COMPANY", "CNAC CARNOW ACCEPTANCE COMPANY plus the design", "BYRIDER" and "BYRIDER plus the design" and the trademarks, service marks, logos, and trade names now or hereafter used in connection with the System (herein called the "Marks").

1.4 **Grant of Licenses.** The Company grants to persons, who meet the Company's qualifications and are willing to undertake the investment and effort, a franchise to establish and operate a business using the System at a specified location(s) and a license to use the Marks in connection therewith.

1.5 **Agreement to Obtain/Grant Franchise.** The Franchisee desires a franchise to establish and operate a business using the System and the Company is willing to grant such a franchise on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party, hereby agree as follows:

## ARTICLE II

### ACKNOWLEDGMENTS

To induce the Company to enter into this Agreement the Franchisee acknowledges, warrants and represents as follows.

2.1 **Independent Investigation.** The Franchisee has had the opportunity to conduct an independent investigation of the business opportunity offered hereunder and the terms and provisions of this Agreement. The Franchisee recognizes that the nature of the business described herein may evolve and change over time, that an investment in the franchise involves business risks and that the success of the venture depends primarily upon the Franchisee's business ability and efforts and other factors which are beyond the Company's control and which have nothing to do with the System or the Company's performance of its obligations under this Agreement.

2.2 **Existing Franchisees.** Prior to the execution of this Agreement, the Franchisee had the opportunity to contact all existing franchisees of the Company.

2.3 **No Representations Regarding Profits of the Franchise.** No representations have been made by the Company or by its officers, directors, shareholders, employees or agents, and relied upon by the Franchisee as to future or past income, expenses, sales volume or potential profitability, earnings or income of the business franchised hereby, or any other franchisee, other than information provided in Item 19 of the Company's Franchise Disclosure Document.

2.4 **No Representations Regarding Profits of the Company or System.** No representation or statement has been made by the Company or by its officers, directors, shareholders, employees or agents and relied upon by Franchisee regarding the anticipated income, earnings and growth of the Company or of the System, or the viability of the business opportunity being offered hereunder.

2.5 **Reservation of Rights by the Company.** The Company has certain rights reserved to it to own and operate BYRIDER businesses; to franchise other BYRIDER businesses; and, to otherwise use the System, the Marks, know-how, techniques and procedures.

2.6 **Different Franchise Agreements.** The Company has and reserves the right to grant franchises for the operation of BYRIDER businesses to other franchisees with terms different from this Agreement.

2.7 **Franchise Disclosure Document.** The Franchisee has received from the Company a copy of the Company's Franchise Disclosure Document, together with a copy of all proposed Agreements relating to the sale of the franchise, at least fourteen (14) calendar days, except in Michigan, at least ten (10) business days, prior to the execution of this Agreement or the payment by the Franchisee to the Company of any consideration in connection with the sale or proposed sale of the franchise granted hereby.

2.8 **No Representation Regarding Licenses/Permits.** No representation or statement has been made by the Company, or by its officers, directors, shareholders, employees or agents and relied upon by the Franchisee regarding the Franchisee's ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the business franchised hereby.

2.9 **The Franchisee's Advisors.** The Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. The Franchisee has either consulted with such advisors or has voluntarily declined to do so.

2.10 **Covenants Not to Compete.** The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on the Franchisee since the Franchisee has other considerable skills, experience and education which afford the Franchisee the opportunity to derive income from such other endeavors.

2.11 **The Franchisee Information.** The Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to the Company is true, complete and accurate in all respects, with the Franchisee expressly acknowledging that the Company is relying upon the truthfulness, completeness and accuracy of such information. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ARTICLE III**

### **CERTAIN DEFINITIONS**

3.1 **Advertising Fee.** The term "Advertising Fee" shall mean the fees discussed in Article X herein.

3.2 **Affiliate.** The term "affiliate" shall mean a person or other legal entity in which Franchisee or its owners (i) own more than 10% of the issued and outstanding ownership interest and voting rights or (ii) have the right and power to control and determine the affiliate's management and policies.

3.3 **Business.** The term "Business" shall mean each Byrider sales division complete with CNAC finance division and Service Center, utilizing in connection therewith the System and the Marks. The term "Franchisee's Business" shall mean the Business operated by Franchisee pursuant to the rights granted by this Agreement.

3.4 **Business Location.** The term "Business Location" shall mean the land and building premises, interior and exterior, from which the Franchisee's Business is operated. The Franchisee's Business shall be located in the area listed in Exhibit A.

**3.5 Confidential Information.** The term "Confidential Information" shall mean all confidential and/or secret information concerning the Company, the Franchisee's Business, or the System including, but not limited to, customer lists, names of customers and all information developed by and/or for the Company and/or its affiliates, whether now owned or hereafter obtained, concerning plans, marketing and sales methods, customer relationships, materials, processes, procedures, devices utilized by the Company and/or its affiliates, business forms, costs, prices, suppliers, information concerning past, present or future contractors, representatives and past, present and/or future customers of the Company and/or its affiliates, plans for development of new or existing products, services and expansion into new areas or markets, internal operations and any variations, trade secrets, proprietary information and other confidential information of any type together with all written graphic, video and other materials relating to all or any part of the same.

**3.6 Franchisee.** The term "Franchisee" used in this Agreement shall refer to each person executing this Agreement as the Franchisee and shall apply to each such person as if he/she were the only named Franchisee in this Agreement. If the Franchisee is a corporation, limited liability company, or other entity, each of Franchisee's owners with 50% or more direct or indirect interest in Franchisee must execute a guaranty in the form the Company prescribes undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and the Company; provided that if no one individual owns 50% or more interest in Franchisee, individuals who together own at least 50% ownership interest in Franchisee must execute a guaranty. Each person with ownership interest in Franchisee who does not execute a guaranty must execute a joinder in the form the Company prescribes undertaking personally to be bound by the covenants restricting transfers of interest in Franchisee and confidentiality and noncompetition covenants applicable to all owners of Franchisee under this Agreement. If more than one person executes this Agreement as the Franchisee, each proprietor or person executing this Agreement shall be jointly and severally liable for all obligations and duties of the Franchisee hereunder. If the Franchisee is a trust, each trustee or beneficiary signing this Agreement shall be jointly or severally liable for all the obligations and duties of the Franchisee hereunder. Notice to or demand upon one Franchisee shall be deemed notice to or demand upon all Franchisees.

**3.7 Gross Sales/Gross Receipts.**

**Gross Sales (Byrider Vehicle Sales).** The term "Gross Sales (Byrider Vehicle Sales)" shall mean the full purchase price of all vehicles sold at retail (whether financed or sold for cash), including charges for vehicle service contracts, documentary fees, and all other fees or charges which accompany the sale, minus overallowances given on trade-in vehicles. For example, the customer's purchase price of the vehicle is \$10,000 and the customer has a trade in with an actual cash value of \$1,000 and assuming no vehicle service contract or other charges. However, the Franchisee offers \$1,500 for the trade in. The "overallowance" is the amount offered of \$1,500 less the actual cash value of \$1,000 equaling \$500. Therefore, "Gross Sales (Byrider Vehicle Sales)" in this example is the full purchase price of \$10,000 less the overallowance of \$500 which equals \$9,500. "Gross Sales (Byrider Vehicle Sales)" excludes receipts from "wholesaled vehicles" and all titling fees and taxes imposed by federal, state, or other governmental authority directly and collected from customers so long as it is actually paid by

Franchisee to such governmental authority. Wholesaled Vehicles are defined as vehicles sold for resale and for which no sales tax is required.

Gross Receipts (CNAC Collections). The term "Gross Receipts (CNAC Collections)" shall mean all monies received, such as payments from customer accounts, deferred down payments, payments from bulk sale of customer accounts, and including all other amounts received, except cash down payments received prior to delivery of the vehicle.

**3.8 Initial Franchise Fee.** The term "Initial Franchise Fee" shall mean Sixty Thousand (\$60,000) Dollars. For each additional franchise, Franchisee shall pay the then current fee. See Exhibit B for Franchisee's additional franchise category designation ("Additional Franchise Category")

**3.9 Service Center.** The term "Service Center" shall mean the service center located at the Business to service vehicles sold by Businesses in accordance with the Company's standards and specifications.

**3.10 Royalty Fee.** The Royalty Fee commencement date is the earlier of the date the Franchisee's Business is open to the public or the one-year anniversary of the date of this Agreement. The term "Royalty Fee" shall mean that amount calculated monthly as follows:

Gross Sales (Byrider Vehicle Sales):

- A. During the first year of operation of Franchisee's Business: \$5,500 per month;
- B. During the second year of operation of Franchisee's Business: the greater of \$6,700 per month or 1% of the Franchisee's Gross Sales (Byrider Vehicle Sales) for that month; and
- C. After the second year of operation of Franchisee's Business: the greater of \$7,800 per month or 1% of the Franchisee's Gross Sales (Byrider Vehicle Sales) for that month.

The foregoing \$7,800 minimum monthly payment provided in subsection (B) above will increase by 4.0% on January 1<sup>st</sup> of every other year (for example, it will increase by 4.0% on January 1, 2026 and increase by another 4.0% on January 1, 2028, etc.) throughout the Term (as defined in Section 5.1 below).

*plus,*

Gross Receipts (CNAC Collections):

After the first year of operation of Franchisee's Business, 1.90% of Franchisee's Gross Receipts (CNAC Collections) throughout the remaining Term of this Agreement; *provided, however,* if this is Franchisee's third (or subsequent) Franchise Agreement that it has entered into with the Company, then Franchisee

shall pay 1.65% of Franchisee's Gross Receipts (CNAC Collections) throughout the remaining Term of this Agreement, so long as (i) Franchisee is in compliance with all other Franchise Agreements with the Company; and (ii) Franchisee continues to operate at least two (2) additional Businesses under separate Franchise Agreements with the Company that are open to the public. In the event Franchisee fails to meet any of the foregoing conditions, Franchisee shall pay 1.90% of Franchisee's Gross Receipts (CNAC Collections) for the remaining Term of this Agreement.

*plus,*

Unaffiliated Assignment of Retail Installment Contracts. Franchisee may sell and assign retail installment contracts to unaffiliated third parties (each or collectively "Third Party"); provided, however: (i) Franchisee must obtain Company's approval of the Third Party, which Company shall not unreasonably withhold; and (ii) Franchisee may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of Franchisee's Gross Sales 12-month rolling monthly average.

Third Party Financed Sales Fee. Franchisee shall pay to Company \$250 per contract sold or assigned at time of vehicle sale from Franchisee's dealer entity to Third Party ("Third Party Financed Sales Fee").

Bulk Sale of Accounts Fee. Franchisee shall pay to Company a fee equal to 1.90% of gross amounts of Byrider-originated consumer retail installment contracts sold to a third party ("Bulk Sale of Accounts Fee").

See Exhibit B for Franchisee's royalty category designation ("Royalty Category").

3.11 **Transfer Fee.** The term "Transfer Fee" shall mean Five Thousand (\$5,000) Dollars.

## **ARTICLE IV**

### **GRANT OF BYRIDER FRANCHISE**

4.1 **Grant of Franchise and License.** Subject to the terms and conditions herein, the Company hereby grants to the Franchisee, and the Franchisee hereby accepts from the Company, (A) a non-exclusive franchise to open and operate one Business and (B) a non-exclusive license to use the System and the Marks solely in connection with the operation of the Franchisee's Business. Termination or expiration of this Agreement shall constitute a termination of the foregoing franchise and license. The Company will not operate or grant a franchise for the operation of another Business, the physical premises of which is located within the protected territory described on Exhibit A hereof (the "Protected Territory"); provided that the Company may operate and grant franchises for the operation of Businesses in the Protected Territory if the Company delivers a notice of default under this Agreement and Franchisee does not cure the default within the applicable cure period, if any.

4.2 **Retention of Rights.** Except as explicitly and specifically granted to the Franchisee herein, all rights in and to the Marks, the System, and the Business and the goodwill associated with each of them is hereby reserved to the Company. Franchisee is not granted any rights by implication, innuendo, extension or extrapolation. Specifically, but without limitation, the Company retains the right, but shall not be obligated, to:

- A. Add new programs, products and/or services to the Business at any time;
- B. Establish, operate and franchise a business offering and selling products and/or services which may be the same as or similar to the products and services offered by the Business under any trade names, trademarks, service marks or logos other than the Marks;
- C. Use or license the use of the Marks in business other than the Business;
- D. Acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at the Business Locations, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating;
- E. Be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at the Business Locations, or by another business; and
- F. Engage in all other activities not expressly prohibited by this Agreement.

Nothing in this Agreement limits the Company's rights to sell, distribute and/or to provide products and services of any kind, under the Marks or otherwise, anywhere except at the Business Location.

4.3 **Relocation.** The Franchisee's Business is granted for a specific location, or a location to be approved by the Company. The Franchisee may relocate the Franchisee's Business with the prior written approval of the Company without obligation to pay the Company an additional Initial Franchise Fee. However, the Franchisee is not entitled to the services of the Company in connection with such relocation and reopening without an agreement with the Company regarding the payment of the then current fees for such services plus the reimbursement of its expenses.

4.4 **The Franchisee's Restrictions.** The Franchisee expressly acknowledges that the territorial rights described in Section 4.1 confers upon the Franchisee no marketing exclusivity therein. The Franchisee expressly acknowledges and understands that all Businesses (whether company-owned, company joint-ventured, franchised or otherwise) may solicit and service clients and otherwise advertise and offer the services of their respective Business anywhere.

## ARTICLE V

### **TERM AND SUCCESSOR FRANCHISE AGREEMENTS**

5.1     **Term.** The Term of this Agreement shall be seven (7) years (hereinafter "Term") commencing on the date this Agreement is executed.

5.2     **Right to Obtain Successor Franchise Agreements.** Upon the expiration of this Agreement, if the Franchisee has met certain conditions contained in Section 5.2 and subject to the terms and conditions of this Section 5.2, then the Franchisee shall have the right to obtain three (3) additional successor franchises ("Successor Franchise Agreement") to operate Franchisee's Business for an additional five (5) year term. The qualifications and conditions for the successor franchise term are described below:

A.     The Franchisee shall have the right to occupy the Business Location or such other location approved by the Company in writing, for a period ending not sooner than the expiration of the term of the Successor Franchise Agreement;

B.     The Franchisee has complied with all the material terms and conditions of this Agreement and has complied with the Company's material operating and quality standards and procedures. In the event the Franchisee is not in compliance, the Company agrees to provide written notice to the Franchisee and the Franchisee will be able to cure within 5 business days of receipt of notice of its non-compliance. In the event Franchisee cures its non-compliance within such period, Franchisee will be deemed to have met its obligation under 5.2B;

C.     All monetary obligations owed by the Franchisee to the Company have been satisfied prior to such Successor Franchise Agreement and have been met, when due, throughout the Term or Franchisee has cured any noncompliance within 5 business days of delivery of written notice. In the event the Franchisee is not in compliance, the Company agrees to provide written notice to the Franchisee and the Franchisee will be able to cure within 5 business days of receipt of notice of its non-compliance. In the event of Franchisee cures its non-compliance within such period, Franchisee will be deemed to have met its obligation under 5.2C;

D.     The Franchisee has made, at its expense, such expenditures necessary to upgrade, remodel and redecorate the Business Location and the fixtures, equipment and supplies used in the Franchisee's Business to conform to the requirements of the System and the image of the Business at the commencement of the Successor Franchise Agreement (the "Necessary Modifications"); provided that the Company will not require any modifications to the exterior signage if the Company required an exterior signage modification within the five (5) years immediately preceding the expiration of this agreement. The Company shall notify the Franchisee of the Necessary Modifications within ninety (90) days after receipt of the Successor Franchise Notice;

E.     The Franchisee executes the then current franchise agreement and other forms the Company is then requiring of new franchisees, which may contain rights and obligations which are materially different than those contained in this Agreement, except that the Franchisee will not be required to pay an Initial Franchise Fee;

F. The Franchisee executes and delivers to the Company a written general release (except as may be limited by law) of all claims and demands against the Company, its officers, directors, representatives and affiliates provided, however, that all rights enjoyed by the Franchisee mandated by applicable state law shall remain in force and the Company's indemnification obligations under Section 11.3.B shall remain in force for a period of two (2) years after the expiration of this Agreement; and

G. The Franchisee has settled or resolved or is vigorously defending all pending claims and demands against it by any governmental agency or authority.

H. Notwithstanding anything to the contrary contained in Section 5.2 of this Agreement, the Company agrees that if Company is then still in the business of licensing new franchises for the operation of BYRIDER businesses, Franchisee shall have the right to obtain unlimited successive five (5) year renewal terms provided that Franchisee meets the qualifications and conditions for the successor franchise set forth in, and subject to the terms and conditions of, Sections 5.2 and 5.3 of this Agreement.

The failure by the Franchisee to sign the agreements and the release described in Subsection E and F above within thirty (30) days after delivery thereof to the Franchisee or, if sooner, by the expiration of the Term shall be deemed an election by the Franchisee not to obtain such successor franchise.

**5.3 Form and Manner of Exercising Right to Obtain a Successor Franchise.** The Franchisee shall exercise its right to obtain a successor franchise in the following manner: Not more than one year before the expiration of the Term or less than one hundred eighty (180) days before the expiration of the Term, the Franchisee shall give the Company written notice of its desire to obtain a successor franchise ("Successor Franchise Notice"). Within sixty (60) days after its receipt of Franchisee's notice, the Company shall furnish the Franchisee with written notice of its decision ("Company's Notice") (i) to grant a successor franchise; (ii) to not grant a successor franchise based on its decision that the Franchisee has not complied with this Agreement, unless the Franchisee cures the defaults within the applicable time period, or (iii) to grant a successor franchise on the condition that the Franchisee brings the Franchisee's Business in compliance with the Company's then-current requirements relating to the image, appearance, declaration, furnishing and equipping a Business, or (iv) to not grant a successor franchise because the Company no longer offers new franchise agreements for Businesses. The obtaining of a successor franchise shall be conditioned upon the Franchisee's compliance with such requirements and continued compliance with all terms and conditions of this Agreement through the expiration of the Term.

In the event the Company decides not to grant a successor franchise because the Company no longer offers new franchise agreements for Businesses and Franchisee does not operate any other Business pursuant to a franchise agreement with the Company, the Company shall hold implementation of the provisions of Sections 17.1.D, E, F, G, H and 17.2 in abeyance for such reasonable period of time as is necessary (not to exceed 120 days) for the Franchisee to implement, at its sole expense, a transition of Franchisee's Business to new systems, new signage, etc. without charge to the transferee therefor and Section 18.2 shall be inapplicable.

If, upon receipt of Franchisee's notice under this Section 5.3, the Company determines that, based on demographic changes and other factors, it desires to establish and operate or grant a franchise for the operation of an additional Business in the Protected Territory, the Company will give Franchisee a right of first refusal to acquire an additional franchise for the establishment of another Business in the Protected Territory. The Company will advise Franchisee of such right of first refusal opportunity in the Company's Notice. Franchisee will have thirty (30) days after receiving the Company's Notice to exercise Franchisee's right of first refusal. In order to exercise its right of first refusal, Franchisee must meet Company's then current criteria for franchisees and demonstrate sufficient capital and sign the Company's then current franchise agreement. If Franchisee does not exercise its right of first refusal within such thirty (30) day period or does not qualify for the additional franchised location, then Company will modify the Protected Territory as a condition of granting the Franchisee a successor franchise and Franchisee shall have no right of first refusal to the territory that ceases to be part of Franchisee's Protected Territory under the renewal franchise agreement.

## **ARTICLE VI**

### **SERVICES OF THE COMPANY**

#### **Pre-Opening.**

##### **6.1 Initial Training Program and Technology System Installation.**

A. **Ownership and Management.** Franchisee's Business shall, at all times, be under the direct supervision of a Franchisee-designated manager who shall devote his or her full-time efforts to the management of the day to day operation of Franchisee's Business ("Designated Manager"). Franchisee shall keep Company informed, in writing, at all times of the identity of its Designated Manager.

B. **Initial Training Program.** Prior to the opening of the Franchisee's Business, the Company shall make an initial operations training program ("Initial Training Program") available to Franchisee's Designated Manager and up to three (3) additional employees. At least 14 days prior to the opening, the Designated Manager must attend and successfully complete, to the Company's satisfaction, the Initial Training Program consisting of approximately two (2) weeks of combined classroom and on the job instruction pertaining to operation of the Franchisee's Business that may include sales and marketing methods, financial controls, maintenance of quality standards, customer service techniques, record keeping, reporting procedures, and other operational issues.

C. **Location and Costs.** Company shall conduct training programs at its headquarters or at another designated location. Company shall not charge tuition for initial training for Franchisee's Designated Manager and up to three additional employees; however, Company may charge Franchisee a nonrefundable fee in the amount of \$2,500 for each additional employee attending the Initial Training Program. All expenses incurred by Franchisee or its employees attending such Initial Training Program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee.

**D. New Designated Manager.** If Franchisee names a new Designated Manager, then the new Designated Manager must complete the Initial Training Program to Company's satisfaction within thirty (30) days post-hire. One new Designated Manager per year may attend the Initial Training Program without charge. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance to such training.

**E. Unsatisfactory Completion.** If Company determines that the Designated Manager is unable to satisfactorily complete the Initial Training Program, Company shall have the right to terminate this Agreement in the manner provided herein. Upon such termination, Franchisee and its owners shall execute a general release pursuant to which Franchisee and its owners will release the Company from any claims or causes of action the Franchisee may have under or pursuant to this Agreement and Franchisee shall have no further right, title or interest in the Business, the Marks or the System.

**F. Installation of Technology System.** Company will grant Franchisee access to Byrider proprietary software and third-party technology services prior to the opening of business.

**6.2 Specifications for Building, Equipment, Signs and Supplies.** Before commencement of the construction at the Business Location, the Company shall deliver to the Franchisee specifications for the building, equipment, furnishings, decor, layout and signs required to open and operate the Business. The Company shall also provide the Franchisee with lists of approved suppliers and sources of supply.

**6.3 Confidential Operating Manual.**

**A.** The Company shall provide access to Company's Confidential Operating Manual (together with all supplements to or revisions of, herein the "Manual") for use during the Term. The online Manual is provided on the Company's intranet website. All periodic modifications to the Manual are made to the online copy only, and Franchisee agrees to view the website monthly for modifications. The Company will send electronic notice of modifications. Franchisee agrees that the Manual and any updates to the Manual are part of this Agreement as if fully set forth within its text. Franchisee acknowledges that Company's periodic modification of the Manual (including, without limitation, changes to the hardware and software required for the Company's technology system), which may accommodate regional and/or local variations, may obligate Franchisee to invest additional capital in the Business Location and/or incur higher operating costs.

**B.** Except in such instances where the provisions of the Manual directly conflicts with the terms of this Agreement, the Franchisee shall conduct the operation of the Franchisee's Business in compliance with the Company's operational systems, standards, procedures, methods and requirements as prescribed from time to time in the Manual.

**C.** The Manual contains specifications, standards, operating procedures and rules prescribed from time to time by the Company for the Business and information relative to other obligations of the Franchisee hereunder and the operation of the Franchisee's Business.

D. The Manual contains proprietary information of the Company and shall be kept confidential by the Franchisee both during the Term and subsequent to the expiration or termination of the Franchise. The Franchisee shall not duplicate or cause the Manual to be duplicated or used for any purpose other than the operation of the Franchisee's Business at the Business Location in accordance with this Agreement. The Company will update the Manual on the Company's website and the master copy of the Manual will be the same as the Manual being posted on the website that is available to Franchisees.

6.4 **Company's Site Approval.** The Franchisee is responsible for purchasing or leasing a suitable site for the Franchisee's Business. Prior to the acquisition by lease or purchase of any such site, the Franchisee shall submit a description of the proposed site and other requested information to the Company together with a letter of intent or other evidence satisfactory to the Company that confirms the Franchisee's favorable prospects for obtaining the proposed site. The Company will provide the Franchisee with written notice of approval or disapproval of the proposed site within thirty (30) days after receiving the Franchisee's written proposal. The Company's approval of the site is subject to the provisions of Section 7.1 of this Agreement. The Company's approval will not be unreasonably withheld. The Company will provide the Franchisee with a written explanation in the event it disapproves a site.

6.5 **Company Approval of Business Location.** If the Business Location has been completed in accordance with the Company's requirements and the Designated Manager has satisfactorily completed the Company's Initial Training Program, then the Company shall approve the Business Location for opening.

### **Post Opening**

6.6 **On-Site Assistance.** If the Franchisee's Business opened pursuant to this Agreement is the first or second Business Location opened by Franchisee or its affiliates, during the first week that the Franchisee's Business is open for business, the Company shall provide at least one (1) of the Company's representatives at the Business Location for the purpose of facilitating the opening of the Franchisee's Business. The number of days of this on-site assistance and the designation of the person(s) on-site will be at the Company's discretion. On-site assistance for additional Business Locations will be provided as the Company deems appropriate to the circumstances. During this period such representative(s) will assist the Franchisee in establishing and standardizing procedures and techniques essential to the operation of the Franchisee's Business and shall assist Franchisee in training its personnel. If the Franchisee requests additional assistance from the Company in order to facilitate the opening of the Franchisee's Business, and if the Company deems it necessary and appropriate, the Franchisee shall pay the Company its customary fees (currently One Thousand (\$1,000) Dollars) per day for such services and reimburse the Company for out-of-pocket expenses incurred by the Company in providing such additional assistance.

6.7 **Grand Opening.** In addition to the initial assistance provided to the Franchisee, the Company may, during the first three (3) months of operation of the Franchisee's Business, provide the Franchisee with guidance in marketing and promotions in connection with the Grand Opening.

6.8 **Additional Training.** The Company from time to time requires that previously trained and experienced franchisees, their Designated Manager, or other managers or employees attend and successfully complete additional training programs to be conducted at the Company's principal offices or other location chosen by the Company. Franchisee shall pay for all its and its employees' travel and lodging expenses. The Franchisee and/or the Franchisee's employee(s) shall attend such programs or seminars at the Franchisee's expense. In those instances where the Company determines, in its sole discretion, that the quality of the Franchisee's work or the work of its employees is not in accordance with the quality standards acceptable to the Company for the System, the Company shall have the right to require that the Franchisee, and/or such of the Franchisee's employees that fail to meet such quality standards, undergo a retraining program at the Company's training facility to correct any identified deficiencies.

6.9 **Guidance.** During the operation of the Franchisee's business the Company will:

- A. Inspect the Franchisee's Business as often as the Company deems necessary;
- B. Make its staff available at its principal offices for consultation and guidance of the Franchisee in the operation and management of the Franchisee's Business;
- C. Make available to the Franchisee, from time to time, all changes, improvements, and additions to the System to the same extent as made available to other franchisees of the System and Marks;
- D. Provide the Franchisee with all supplements and modifications to the Manual;
- E. Provide, from time to time, consultation and guidance in advertising and marketing;
- F. Provide the Franchisee with forms to be used by the Franchisee to report to the Company all information required by the Company;

6.10 **Operating Assistance-Inspections.** The Company shall have the right to enter and inspect the Business Location at all reasonable times to observe the manner in which the Franchisee is operating the Franchisee's Business, to confer with the Franchisee's employees, vendors, suppliers, and customers and to ascertain that the operations of the Franchisee's Business comply with the performance standards established by the Company for the System. Franchisee acknowledges and agrees that, pursuant to its inspection rights under this Article 6.10 of this Agreement, Company may inspect all vehicles for sale at the Business Location and otherwise inspect Franchisee's business procedures. The Franchisee will cooperate with the Company and will promptly undertake to correct any deficiencies brought to the Franchisee's attention. The Franchisee will reimburse the Company for reasonable costs and expenses the Company may incur in correcting deficiencies that the Franchisee, after written notice, fails to correct.

6.11 **Annual Meetings.** The Company, in its discretion, will hold three meetings each year, and the Franchisee or representative must attend. The Company will notify Franchisee

of the dates and locations of these meetings, and Franchisee will be responsible for its own transportation and lodging and prorated expenses that are associated with attending these meetings. The Company reserves the right to refuse or place additional conditions on attendance at these meetings by anyone other than Franchisee and to increase or decrease the number of meetings. Franchisee may send qualified representatives to such meetings.

## ARTICLE VII

### **OPENING AND OPERATION OF THE BUSINESS**

7.1 **Business Location.** The Franchisee shall operate the Franchisee's Business only at the Business Location. If the Business Location is identified on Exhibit A, it has been approved by the Company, and Franchisee acknowledges and agrees that the Company has performed all of its obligations under this Agreement with respect to site selection or approval. If the Business Location is not identified on Exhibit A, the Franchisee shall bear the entire responsibility of finding, and shall use its best efforts to find, a site acceptable to the Company utilizing its own resources, skills and know-how, and following any requirements set forth by the Company. The selection of the Business Location shall be subject to the prior written approval of the Company whose reasonable determination in this regard shall be final.

As a condition precedent to approving any location proposed by the Franchisee, the Company may require the Franchisee to submit site analyses, maps, completed check lists, photographs, digital or video motion pictures of the site and surrounding areas, copies of proposed leases, diagrams of the Business Location with measurements, a letter of intent or other evidence of the Franchisee's favorable prospects of obtaining the proposed location, and such further information and materials as the Company may reasonably require to evaluate the Franchisee's proposed location.

The Franchisee expressly understands that the opening of the Franchisee's Business within one (1) year following the execution of this Agreement is of the essence of this Agreement; provided, however, if in the Company's sole judgment, Franchisee has diligently pursued opening of the Franchisee's Business but failed through no fault of its own, then Franchisee may request an extension of up to six (6) months and the Company shall not unreasonably withhold consent to such request.

The Franchisee acknowledges and agrees that the Company's engaging in such site selection activities, the Company's suggestions, the exercise of its rights of approval provided herein, or the exercise of its right to lease said Business Location and sublease the same to the Franchisee and to derive profit therefrom, shall not give rise to any liability of the Company with regard to the viability of any location(s) selected, proposed or approved by the Company, nor shall the same be construed as any express or implied representation, warranty or guarantee by the Company of the suitability for or viability, prospects or profitability of any such location for a Business.

## 7.2 **Construction of Business Location.**

A. The Franchisee agrees that promptly after securing the Business Location, it will: (i) cause to be prepared and submitted for approval by the Company, a site survey and any modifications to the Company's basic plans and specifications for a Business Location (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) for sales, finance, and service departments required for the development of a Business Location at the site leased or purchased therefore. The Franchisee may modify the Company's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes, and permit requirements, and with prior notification to and approval by the Company, not to be unreasonably withheld; (ii) obtain all required zoning changes; all required building, utility, health, sanitation, and signed permits and licenses, and any other required permits and licenses; (iii) purchase or lease and install all equipment, fixtures, furniture, and signs required by the Company; (iv) complete the decorating of the Franchisee's Business in full and strict compliance with the plans and specifications therefor approved by the Company and all applicable ordinances, building codes, and permit requirements; (v) obtain all customary contractors sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services; and (vi) otherwise complete the development of and have the Franchisee's Business ready to open and commence the conduct of its business as required.

B. The Franchisee is strictly responsible for the acts or omissions of its contractors regarding compliance with this Article VII and the Company shall have no responsibility for such acts or omissions. The Company shall not be liable for any loss or damage arising from the plans or specifications for the Business Location by reason of its approval of plans and specifications, or otherwise.

7.3 **Location Lease or Purchase Agreement.** Upon the written approval of the proposed Business Location, the Franchisee shall execute a lease (if the Business Location is to be leased) or a binding agreement to purchase the site, the terms of which shall have been previously submitted to the Company for approval. The Company's approval of the lease will be conditioned upon, among other things, execution by Franchisee and the landlord the form of lease addendum attached as Exhibit F hereto. If the landlord is an affiliate of Franchisee, Franchisee must cause the landlord to execute the affiliated entity joinder attached as Exhibit G hereto. The Company's review of and consent to the lease are limited to those provisions and items that the Company believes are necessary and appropriate solely for its own purposes and its own benefit as the licensor of the Marks and the System. The Franchisee has been advised to obtain the advice of its own professional advisors before the Franchisee signs or makes any adjustments to the lease to accommodate its operation of the Franchisee's Business. In the event Franchisee or its affiliate owns the approved Business Location, Franchisee agrees that upon termination of this Agreement by Company due to Franchisee's breach or termination by Franchisee without cause prior to the scheduled expiration according to 5.1 herein, Franchisee or its affiliate will, at Company's election, lease the Business Location to Company or its affiliate at market rent for a term of two (2) years.

7.4 **Opening for Franchisee's Business.** The Franchisee shall give the Company at least sixty (60) days prior written notice of the opening of the Franchisee's Business ("Notice of Opening"). If such notice is not given, the Company shall be relieved of its obligation

to provide the assistance in connection with the opening of the Franchisee's Business (provided in Section 6.6 hereof). The Franchisee shall not open the Franchisee's Business until the Company reasonably determines that the construction of and other preparation of the Business Location have been completed in accordance with this Agreement and that the Franchisee's Designated Manager has completed the Company's Initial Training Program. Within three (3) months after opening for business the Franchisee shall prepare and submit for the Company's prior approval a Grand Opening advertising and promotion program for the Franchisee's Business and shall, at the Franchisee's expense, implement such program during the Grand Opening.

**7.5 Maintain Standards, Upgrades.** In order to protect the System and to maintain the uniform standards of operation under the franchise granted herein, the Franchisee shall operate the Franchisee's Business at all times in strict compliance with the requirements of this Agreement and the Manual. Franchisee shall have control over the day-to-day operations of the Franchisee's Business. Franchisee must at all times maintain the Business Location in a high quality of repair appearance, condition and sanitation, and must make any additions, alterations, repairs and replacements for that purpose ("Ongoing Maintenance"). Upon the Company's request, Franchisee must improve and modify the Business Location to meet the Company's then current standards ("Facility Updates"). The maximum amount of any such Facility Updates will not exceed \$150,000 ("Update Cap") during the Term, except that the costs of Ongoing Maintenance and sign replacements shall not be included in the Update Cap. All costs of maintaining and upgrading are borne by the Franchisee. The Company will not require exterior signage changes more than once during the initial term of this Agreement.

**7.6 Use of Business Location.** The Business Location shall be used solely for the purpose of conducting a Business unless another use is specifically approved in writing by the Company.

**7.7 Approved Suppliers.** The Franchisee will purchase, from either the Company, or vendors and suppliers approved by the Company, all equipment, supplies, and other products and services which the Company determines meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Business, as set forth in the Manual. The Company reserves the right to approve a single supplier for any item and such supplier may be the Company and/or its affiliates. If the Franchisee desires to purchase any products or services from any other source, the Franchisee shall submit samples and specifications to the Company for testing to determine whether the products or services comply with the Company's standards and specifications. The prior written approval of the Company must be obtained by the Franchisee prior to the time that any unapproved products or services are used or sold by the Franchisee. The Company shall notify the Franchisee, within thirty (30) days of receipt of the Franchisee's request, of its rejection of the proposed vendor or supplier and the reason therefor. The failure to so notify the Franchisee shall constitute approval by the Company.

**7.8 Compliance with Laws.** The Franchisee shall, at its expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Franchisee's Business and shall operate the Franchisee's Business in strict compliance with all applicable local, state and federal laws, rules and regulations, including, but not limited to, used-vehicle sales laws, Truth-in-Lending laws, Equal Credit Opportunity laws, employment laws, and

also including full legal compliance of all customer vehicle sale and finance transaction documents. The Franchisee agrees to diligently pursue resolution of any action, suit, proceeding, investigation or inquiry, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchisee's Business. The Franchisee agrees to refrain from any merchandising, advertising or promotional practice that is unethical or may be injurious to the business of the Company, other Businesses or to the goodwill associated with the Marks.

**7.9 Payment of Liabilities and Taxes.** The Franchisee shall pay, when due, all of its obligations, liabilities and taxes to the Company, suppliers, lessors, creditors and taxing authorities. The Franchisee's failure to comply with this provision shall be deemed a material breach of this Agreement.

**7.10 Standardization.** The Franchisee will require its employees to wear such uniforms as may be designated by the Company and will comply with such programs of standardization as may from time to time be promulgated by the Company to promote the common business image and to protect the goodwill associated with the Business.

**7.11 Management.** The Franchisee's Business shall be at all times under the direct, on-location supervision of the Franchisee or the Designated Manager. If the Franchisee operates more than one franchise, or in the event the Franchisee does not devote full-time to conducting the Franchisee's Business, at least the Designated Manager, shall be appointed by Franchisee to act as a full-time manager at each Business Location. The Franchisee shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Franchisee's Business, and shall not engage in any business or other activity that will conflict with the Franchisee's obligations hereunder.

**7.12 Employee Training.** The Franchisee or Designated Manager is responsible for the requirement that all employees are properly trained in accordance with the functions identified and designed in the Manual and training guides/certification paths available on Company's designated learning management system.

**7.13 Unauthorized Activities.** The Franchisee shall not install or maintain on the Business Location any telephone booths, newspaper racks, video games, juke boxes, games, rides, or other similar devices, or undertake any business activity other than the Franchisee's Business, without the prior written approval of the Company.

**7.14 Notice to the Company.** The Franchisee shall notify the Company in writing within ten (10) business days of the commencement of any action, suit, proceeding, investigation or inquiry, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality or receipt of written complaints from any customer or potential customer that may adversely affect the operation or financial condition of the Franchisee's Business. If the Company believes the Franchisee is not adequately responding to or handling any event listed above, the Company reserves the right to require the Franchisee to resolve the matter in a prompt and reasonable manner in accordance with good business practices.

**7.15 Modifications to the System.** The Franchisee understands that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System may change in order that it best serve the interest of the Company, the Franchisee and the System. Accordingly, the Franchisee agrees that the Company may from time to time A) change the components of the System, including, but not limited to, altering the programs, services, methods, standards, equipment, decorations, policies and procedures of the System; B) add to, delete from, or modify those programs and services which the Business is authorized to offer; and C) change, improve or modify the Marks. The Franchisee agrees to make any such modifications, changes, additions, deletions and alterations, promptly, and at the franchisee's expense.

**7.16 Confidential Information.**

**A.** The Franchisee acknowledges that its entire knowledge of the Confidential Information is derived from information disclosed to the Franchisee by the Company and that certain of such information is proprietary, confidential, unique, special, and a trade secret of the Company. The Franchisee and its owners agree that they will maintain the absolute confidentiality of all such Confidential Information during and after the Term and that they will not use any such Confidential Information in any other business or in any manner unless specifically authorized or approved in writing by the Company.

**B.** The Franchisee shall divulge such Confidential Information only to such of its employees and agents as must have access to it in order to operate the Franchisee's Business in accordance with this Agreement, including Franchisee's accountants, bankers and potential investors who sign a confidentiality agreement. The Franchisee may also divulge such Confidential Information to a governmental authority in the event Franchisee becomes legally compelled or is required by regulatory authorities having appropriate jurisdiction to disclose such Confidential Information, provided that the Franchisee will promptly provide the Company with written notice so that the Company may seek, at its expense, a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. Any and all information, knowledge, and know-how including, without limitation, materials, technology systems, techniques, and other data, which the Company designates as confidential shall be deemed confidential for purposes of this Agreement, except information which the Franchisee can demonstrate came to its attention prior to the disclosure thereof by the Company or which, at the time of disclosure by the Company to the Franchisee, had become a part of the public domain through publication or communication by others without Franchisee's fault or involvement; or which after disclosure to the Franchisee by the Company, becomes a part of the public domain through publication or communication by others without Franchisee's fault or involvement.

**C.** Due to the special and unique nature of the proprietary and Confidential Information, the Marks, and the Manual, the Franchisee hereby agrees that the Company shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief in order to safeguard any proprietary, confidential, unique and special information of the Company and that money damages alone would be an insufficient remedy with which to compensate the Company for any breach of the terms of Article XVIII and Sections 6.3 and 7.16 hereof. Furthermore, the Franchisee agrees that all employees and agents of the Franchisee having

access to the confidential and proprietary information of the Company shall be required to execute confidential information covenants in a form acceptable to the Company.

**7.17 Service Center Operations.** The Franchisee must operate a Service Center at the Business Location. The Franchisee may only provide repair service for vehicles purchased from Businesses, unless the Company approves in writing for the Franchisee to service the general public. Notwithstanding the foregoing, the Franchisee will not be required to operate a Service Center at the Business Location so long as the Franchisee or its affiliate operates a Service Center at another Business under a franchise agreement with the Company and the Company determines in its sole discretion that such Service Center is located within a reasonable distance to service customers of the Franchisee.

**7.18 Information Security.** The Franchisee must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“Personal Information”) in accordance with applicable law and industry best practices. It is entirely the Franchisee’s responsibility (even if the Company provides the Franchisee with any assistance or guidance in that regard) to confirm that the safeguards the Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, the Franchisee will notify the Company immediately and specify the extent to which Personal Information was compromised or disclosed. The Franchisee also agrees to follow the Company’s instructions regarding curative actions and public statements relating to the breach. The Franchisee must comply with the Company’s privacy policy, as it may be amended periodically. The Franchisee further agrees to comply with any requests to return or delete Personal Information, whether requested by the Company or directly by a consumer, as required by applicable data sharing and privacy laws.

## **ARTICLE VIII**

### **TRADEMARKS**

**8.1 Ownership.** The Franchisee acknowledges the validity of the Marks and that they are the sole property of the Company. The Franchisee’s right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Franchisee’s Business by the Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by the Company from time to time. Any unauthorized use of the Marks by the Franchisee is a breach of this Agreement and an infringement of the rights of the Company. All usage of the Marks by the Franchisee and any goodwill established by the Franchisee’s use of the Marks shall be the exclusive property of the Company.

**8.2 Use.** The Franchisee shall use the Marks only as authorized, directed or approved by the Company. The Franchisee shall not use the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in

any modified form, nor may the Franchisee use the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by the Company. The Franchisee shall not use the Marks as part of any domain name, homepage, electronic address, user name, user profile or otherwise in connection with a website (unless approved by the Company), including, without limitation, in connection with any social networking site which references or identifies the Franchisee's Business, Business Location or Franchisee as a part of the System. The Franchisee shall give such notice of trademark and service mark registration as the Company specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. The non-exclusive personal right of the Franchisee to use the Marks in connection with the Franchisee's Business and its right to use the Marks and the System apply only to the Business Location and only so long as the Franchisee shall fully perform and comply with all of the conditions, terms and covenants of this Agreement. If, in the judgment of the Company, the acts of the Franchisee infringe upon or demean the goodwill, standards of uniformity or quality, or business standing associated with the Marks and the System, then the Franchisee shall immediately, upon notice from the Company, modify its use of the Marks and the System in the manner prescribed by the Company. The Franchisee shall not, during or after the Term, do anything directly or indirectly which would infringe upon, harm, mislead or contest the rights of the Company in the Marks or the System.

8.3 **Infringement.** The Franchisee shall immediately notify the Company in writing of any apparent infringement of or challenge to the Franchisee's use of the Marks and of any claim by any person of any rights in the Marks or in any similar trade name, trademark, service mark or logo of which the Franchisee becomes aware. The Franchisee shall not directly or indirectly communicate with any person other than the Company, Company's counsel and its counsel in connection with any such infringement, challenge or claim. The Company shall have sole discretion and exclusive right to take such action as it deems appropriate to control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. The Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of the Company's counsel, be necessary or advisable to protect and maintain the interests of the Company in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of the Company in the Marks.

8.4 **Substitutions.** If there is a claim by any party that its right to any use of the Marks are superior and if the Company determines that such claim is legally meritorious or if the Company determines, in its sole discretion, that it is advisable for the Company and/or the Franchisee to modify or discontinue the use of any of the Marks, and/or use one or more additional or substitute Marks then, upon notice from the Company, the Franchisee, at its expense, will immediately make such changes and amendments to the Marks and all materials on which the Marks are displayed as may be required by the Company.

## ARTICLE IX

### FEES

9.1 **Initial Franchise Fee.** The Franchisee shall pay to the Company the Initial Franchise Fee of Sixty Thousand (\$60,000.00) Dollars upon the execution of this Agreement. The Initial Franchise Fee shall be refundable only in the event the Company receives written notice from Franchisee of its desire to rescind the Agreement. This notice of rescission must be received by the Company within 60 days after the Agreement has been executed. In all other cases, the fee is nonrefundable.

9.2 **Royalty and Advertising Fee.** In addition to the Initial Franchise Fee, the Franchisee shall pay the Royalty Fee defined in Section 3.10 to the Company, and Advertising Fee defined in Article X to the Company, without offset, credit, or deduction of any kind, in the manner set forth in Section 9.3 or otherwise prescribed in the Manual from time to time. In the event of a natural disaster (such as a flood, fire, or tornado) or some other unusual occurrence that prevents Franchisee from operating the Franchisee's Business, the Company will consider various forms of relief on a case-by-case basis in its sole discretion.

9.3 **Payment.**

A. The Franchisee shall pay all invoices from the Company and all other vendors when due.

B. All Royalties, Advertising Fees and other amounts that the Franchisee owes to the Company or its affiliates shall bear interest after the due date at the highest legal rate for open account business credit. The Franchisee acknowledges that this paragraph shall not constitute an agreement by the Company or its affiliates to accept such payments after the same are due or a commitment by the Company to extend credit to or otherwise finance the Franchisee's operations of the Franchisee's Business. Acceptance by the Company of any payment by the Franchisee in an amount less than the full amount due shall not constitute acceptance as payment in full and shall not constitute a waiver of any amounts remaining due to the Company. Further, the Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement as provided herein notwithstanding the provisions of this paragraph.

C. Notwithstanding any designation by the Franchisee, the Company shall have the sole discretion to apply any payments by the Franchisee to any past due indebtedness of the Franchisee for Royalty Fees, Advertising Fees, purchases from the Company, interest or any other indebtedness of the Franchisee. If the Company shall apply any payment by the Franchisee in a manner different from the application intended by the Franchisee, the Company shall give Franchisee written notice of how such payment was applied.

**9.4 Technology System Fees.** Concurrently with the execution of this Agreement, Franchisee has executed the Byrider Software Services and User Agreement which is attached hereto as Exhibit D (the “Software Agreement”). The Company's technology system is made up of four components: 1) Byrider Proprietary Software, 2) off-the-shelf software, 3) hardware, 4) Software as a Service (SaaS) platforms from third party providers as well as public cloud-based platforms, and 5) dealer management system with integrated mandatory Customer Relations Management provided at no additional cost to Franchisee. The Customer Relations Management assists with Agency and Direct Consumer Complaints. When Franchisee's franchised location receives an Agency Complaint (such as Better Business Bureau, Attorney General, Consumer Financial Protection Bureau, Media, or Private Attorney), Franchisee must investigate the complaint, forward the complaint to the Company's Customer Service, and timely respond to the Agency; when Franchisee's franchised location receives a Direct Consumer Complaint (i.e., Customer Service phone/email), Franchisee will investigate the complaint, resolve it directly, and timely report the results to Customer Service detailing the resolution or action taken. The Company's Compliance Department administers the Customer Service mailbox and phone line and tracks the complaints and responses. Franchisee is responsible for investigating, taking corrective action, and resolving these complaints. Franchisee must license and use the Byrider technology system necessary to operate day-to-day business. Franchisee must pay the cost of the technology system to the appropriate vendor as shown on Exhibit D, Appendix B, upon receiving invoices. Exhibit D, Appendix A, identifies the items that are typically required per franchised location. The Company may at times allow for substitution of items in Appendix A at the request of Franchisee if a substitution will not materially impact the Company's delivery of services or support but is under no obligation to do so.

**9.5 Reputation Management Fee.** Franchisee is required to pay to the Company for reputation management texts performed by the Company or its designee.

## **ARTICLE X**

### **ADVERTISING AND PROMOTION**

**10.1 Advertising Fee.** Franchisee shall contribute \$2,450.00 for each Business Location each month to the Company used exclusively for the promotion and advertising of the business of all franchisees of the System. All Advertising Fee money goes toward franchisees (not the Company entity). At the Company's sole discretion, the Company may increase the monthly contribution, provided that the increase(s) will not exceed \$400.00 in the aggregate during any twenty-four (24)-month period. All amounts received by the Company will become the exclusive property of the Company. The Company will hold such amounts for the benefit of the Company and all Franchisees and will be expended exclusively for the promotion and advertising of the business of the Company and all franchisees of the System and Marks, consistent with this Agreement, in such manner and amounts as determined by the Company, acting in its sole discretion, but within the limitations stated above. The advertising and promotional expenditures which may be made by the Company include any costs of maintaining, administering, directing and preparing promotional materials, advertising and similar public relations activities for use in television, radio, billboards, magazines, newspapers and any other medium, such costs to include fees for advertising agencies and consultants and reasonable fees for any management or administrative services rendered by the Company.

Upon request by the Company, Franchisee shall also join one or more Company-approved local advertising co-ops and make contributions to such co-ops as required under the co-op's bylaws. Franchisee shall spend at least 2% of its Gross Sales (Byrider Vehicle Sales) on co-op or local advertising, including electronic media (the "Local Advertising Requirement"). Company may increase the Local Advertising Requirement to 3% of Franchisee's Gross Sales (Byrider Vehicle Sales), subject to the Advertising Spend Cap (see Section 10.2 below). Advertising fees must be paid in the above-described amounts for each Business Location.

All advertising and promotional activities undertaken by Franchisee individually in accordance with the foregoing requirements must be acceptable to the Company. The Franchisee must submit all advertising and promotional materials for Company approval prior to publication, and Franchisee is prohibited from publishing or utilizing any advertising or promotional materials not approved by the Company. Further, Franchisee may not alter approved advertisements and promotional materials except to fill in local identification information. The Company retains all ownership rights and title to all advertising and promotional materials.

**10.2 National Advertising Fund.** Franchisee acknowledges that, in addition to the undertakings described in Section 10.1 above, the Company or its affiliate may establish a National Advertising Fund for the purpose of purchasing electronic and print media advertising for national distribution. When and if the Company or its affiliate creates this fund, Franchisee shall contribute to the fund as required by the Company or its affiliate. However, Franchisee's contributions to any National Advertising Fund (if established) and Franchisee's Local Advertising Requirement will not collectively exceed 4% of Franchisee's Gross Sales (Byrider Vehicle Sales) (the "Advertising Spend Cap"). Franchisee's required payment of the Advertising Fees to the Company is excluded from the Advertising Spend Cap.

## ARTICLE XI

### **RELATIONSHIP OF PARTIES/INDEMNIFICATION**

**11.1 Relationship of the Parties.** This Agreement does not create a fiduciary relationship between the parties. The Franchisee understands and agrees that, under this Agreement, the Franchisee is and shall be an independent contractor. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose.

THE FRANCHISEE SHALL CONSPICUOUSLY IDENTIFY ITSELF AND THE BUSINESS, AND IN ALL DEALING WITH CUSTOMERS, SUPPLIERS, PUBLIC OFFICIALS, AND OTHERS, AS AN INDEPENDENT FRANCHISEE OF THE COMPANY, AND SHALL PLACE SUCH NOTICE OF INDEPENDENT OWNERSHIP ON ALL FORMS, BUSINESS CARDS, STATIONERY, ADVERTISING, SIGNS AND OTHER MATERIALS AND IN SUCH FASHION AS THE COMPANY, IN ITS SOLE DISCRETION, SPECIFIES AND REQUIRES FROM TIME TO TIME, IN ITS MANUAL (AS THE SAME MAY BE AMENDED FROM TIME TO TIME), OR OTHERWISE.

**11.2 No Liability for Acts of the Other.** Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements,

warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between the Company and the Franchisee is other than that of franchisor and franchisee. The Company does not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by the Franchisee, nor will the Company be obligated for any damages to any person or property that directly or indirectly arise from or relate to the operation of the Franchisee's Business. The Company shall not have the power to hire or fire the Franchisee's employees and, except as herein expressly provided, the Company may not control or have access to the Franchisee's funds or the expenditure thereof, or in any other way exercise dominion or control over the Franchisee's Business. The Company shall not be obligated for any damages to any person or party, directly or indirectly, arising out of the operation of the Franchisee's Business whether caused by the Franchisee's negligent or willful action or failure to act. It is expressly understood and agreed that neither the Franchisee nor any employee of the Franchisee whose compensation for services is paid by the Franchisee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of the Company for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. The Company shall have no liability for any sales, use, occupation, excise, gross receipts, income, property or other taxes, whether levied upon the Franchisee, the Franchisee's Business, or the Franchisee's property, or upon the Company, in connection with sales made or business conducted by the Franchisee or payments to the Company pursuant hereto.

### **11.3 Indemnification.**

A. Franchisee shall indemnify and hold harmless the Company, its subsidiaries and affiliates, and their respective officers, directors, shareholders, agents and employees, from and against any and all losses, expenses, judgments, claims, reasonable attorneys' fees, and damages arising out of or in connection with any claim arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchisee's Business. Franchisee shall promptly notify the Company of any suits filed by or against Franchisee in connection with the operation of the Franchisee's Business and, upon request, shall furnish the Company with copies of such documents from the suit as the Company may request.

B. The Company shall indemnify and hold the Franchisee harmless from and against any and all claims, and the cost of defending such claims, caused by the gross negligence or willful misconduct of the Company or arising from any mandatory specification, standard or procedure contained in the Manual that is determined to be unlawful, provided that the Franchisee shall have given the Company timely notice of such claim or proceeding and is not in default under this Agreement and, provided further, that the Company shall have the right to participate in and, to the extent the Company deems necessary, to control any such litigation or proceeding.

## **ARTICLE XII**

### **INSURANCE**

**12.1 Required Insurance.** To standardize insurance and to afford the Franchisee, the Company and the Franchisee's customers protection against insurable risks, the

Company imposes and prescribes minimum standards and limits for certain types of insurance coverage required to be purchased by the Franchisee.

A. The Franchisee shall purchase at its sole expense and maintain in effect at all times during the Term the greater of the insurance coverage required by the landlord for the Business Location or the following categories of insurance coverage through licensed and admitted insurance companies acceptable to the Company:

- (1) Garage Liability insurance with \$1,000,000 limit per occurrence with products and completed operations coverage included. Coverage must also include \$1,000,000 for Hired Autos and Non-Owned Autos liability. Coverage must also include a Broadened Garage endorsement for Personal and Advertising liability. Franchisee shall insure the Company against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of the actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the business or the Business Location, provided that the required amounts herein may be modified from time to time by the Company to reflect inflation or further experience with claims;
- (2) State Required Worker's Compensation and Employer's Liability Insurance for the employees of the Franchisee's Business;
- (3) Unemployment Insurance for the employees of the Franchisee's Business;
- (4) Truth-in-Lending Act Insurance not less than \$300,000;
- (5) All risks coverage insurance on the Business Location and all fixtures, equipment, supplies and other property used in the operation of the Franchisee's Business, for full repair and replacement value of the machinery, equipment, improvements and betterments, without any applicable co-insurance clause except that an appropriate deductible of no more than \$50,000 shall be permitted; and
- (6) Cyber Liability Insurance not less than \$1,000,000 per occurrence.

It is recommended but not required that the Franchisee purchase an Umbrella policy in the amount of \$1,000,000 over and above all liability coverage.

It is further recommended that the Franchisee carry vehicle Title Errors and Omissions Coverage, Federal Odometer Coverage, Equal Credit Opportunity Act and Deceptive Sales Practices Coverage in the amount of \$1,000,000.

B. The insurance coverage acquired and maintained by the Franchisee at its own expense, as set forth in subsection (A) of this Section 12.1 shall:

- (1) Name the Company and its designated affiliates as additional insureds;

- (2) Extend to and provide indemnity for all obligations assumed by the Franchisee hereunder and all other items for which the Franchisee is required to indemnify the Company under the provisions of this Agreement;
- (3) Be primary to and non-contributory with respect to any other insurance purchased by the Company;
- (4) Provide, by endorsement, that the Company is entitled to receive at least thirty (30) days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy.

The Franchisee shall not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend said insurance policies without the Company's written consent.

**12.2 The Company's Right to Purchase.** If the Franchisee fails to purchase insurance conforming to the standards and limits prescribed by the Company, the Company may (but is not required to) obtain, through agents and insurance companies of its choosing, the minimum amount of insurance specified in Subsections 12.1.A.(1) through (5). Payments for such insurance shall be borne by the Franchisee and the Franchisee expressly agrees to forthwith pay the required premiums or to reimburse the Company therefor. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon the Company to obtain or maintain any specific forms, kinds or amounts of insurance for or on behalf of the Franchisee.

**12.3 Disclaimer.** Nothing contained herein shall be construed or considered an undertaking or representation by the Company that such insurance and bondings as may be required to be obtained by the Franchisee, or by the Company for the Franchisee, will insure the Franchisee against any or all insurable risks of loss which may or can arise out of or in connection with the operation of the Franchisee's Business.

**12.4 Proof of Insurance.** The Franchisee shall promptly provide the Company with Certificates of Insurance evidencing such coverage no later than ten (10) days prior to the opening date of the Franchisee's Business. The Franchisee shall deliver a complete copy of the Franchisee's insurance in force within thirty (30) days following the delivery of the Certificates of Insurance. All insurance policies and documents shall be renewed, and upon such renewal, a renewal Certificate of Insurance shall be furnished to the Company prior to the expiration date of the existing term(s) of such policy(ies).

**12.5 Notice of Claims.** The Franchisee shall notify the Company of any and all claims or demands against the Franchisee, the Franchisee's Business, the Business Location, and/or the Company within five (5) business days of any such claim or demand. The Franchisee agrees to respond to all claims within the time required by law, rule or regulation. The Franchisee shall cooperate with the Company (or its designee) to defend the Company and the Franchisee against any and all claims made by employees, customers or third parties. The Franchisee shall, when necessary, make appearances at administrative or other hearings to present or reinforce such defenses.

**12.6 Failure to Insure - Right to Terminate.** Failure by the Franchisee to purchase or maintain any insurance required by this Agreement, or failure to reimburse the

Company for its purchase of such insurance on behalf of the Franchisee, shall constitute a material and incurable breach of this Agreement which, unless waived by the Company, shall entitle the Company to terminate this Agreement unilaterally and immediately upon notice to the Franchisee, and this Agreement shall thereafter be null, void and of no effect (except for those post-termination and post-expiration provisions which by their nature shall survive). Notwithstanding the above provision, Franchisee shall have the right to cure such default within ten (10) days from notification by Franchisee's insurance company that such insurance has lapsed.

**12.7 Minimum Coverages.** The minimum limits of insurance coverage required to be procured by the Franchisee may be modified from time to time by the Company, in its sole discretion, by written notice transmitted by the Company to the Franchisee. Upon delivery (or attempted delivery) of such written notice, the Franchisee shall be obligated to immediately purchase insurance conforming to the newly established standards and limits prescribed by the Company. The Company may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee must routinely furnish the Company copies of its Certificate of Insurance or other evidence of maintaining this insurance coverage and paying premiums.

## **ARTICLE XIII**

### **REPORTS, FINANCIAL STATEMENTS, AND AUDIT RIGHTS**

**13.1 Books and Records.** The Franchisee shall establish and maintain at the Franchisee's expense a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by the Company from time to time. Franchisee shall utilize the accounting functions of the BYRIDER Computer Software and install and maintain the hardware necessary to allow electronic communication between the Franchisee's technology system and the Company's technology system. Franchisee is prohibited from utilizing the bookkeeping and record system for any other business. With respect to the operation and financial condition of the Franchisee's Business, the Franchisee shall sign, verify and furnish the following reports, financial statements, and returns, to the Company in the form prescribed by the Company:

A. Within one hundred twenty (120) days after the end of the Franchisee's fiscal year, complete financial statements for such fiscal year, and such financial statements shall include **all businesses that operate in conjunction with or in relation to the Business, including ancillary products, reinsurance companies, and real estate companies.** If Franchisee uses a third party accounting firm to review or audit, then those reports prepared by the third party must be furnished. If no third party is engaged, then the statements prepared internally must be furnished. Such annual statements shall be prepared in accordance with generally accepted principles applied on a consistent basis. The Company reserves the right to require that such financial statements be audited by independent Certified Public Accountants at the Franchisee's expense.

B. Within thirty (30) days after receipt by the Franchisee, exact copies of all audits and reports from state and local regulatory agencies; and within thirty (30) days of the filing,

exact copies of those portions of Franchisee's federal and state income tax returns that reflect the operations of the Franchisee's Business.

**13.2 Computer Records.** The Franchisee shall keep true, complete and accurate records of each transaction of any activity affecting the Franchisee's Business including, without limitation, Gross Sales (Byrider Vehicle Sales), purchases, sales and other related data as required from time to time by the Company. The Franchisee shall utilize programmable electronic equipment and other computer hardware and the Company's technology system which is included as an integral part of the System for such activities as may be required by the Company. The Franchisee shall utilize the Company's technology system and systems, as described in the Software Agreement, as are fully compatible with the Company's business systems without the necessity of any alteration by the Company. The Company shall not be obligated to provide Franchisee with access to the Company's technology system or provide services therefor at any time after the termination of the Agreement.

**13.3 Audit of Books and Records.** All records shall be kept for a period of at least three (3) years following the end of each calendar year. The Company may, from time to time, cause one or more complete audits to be made of the affairs and records relating to the operations of the Franchisee's Business. Upon request by the Company, the Franchisee shall make such books, records and information available to the Company or its designated representative at all reasonable times for review and audit by the Company at the Business Location. In the event that an audit by the Company was triggered because of Franchisee's failure to provide the reports required under this Agreement, results in a determination that the Royalty Fee and/or Advertising Fees paid to the Company are deficient (underpaid) by more than 2%, or the Company reasonably concludes that the deficient payment was intentional or grossly negligent by the Franchisee, the Franchisee shall promptly pay to the Company an amount equal to three (3) times the Royalty Fee and/or Advertising Fee shown to be due and all costs and expenses incurred by the Company in conducting such audit, including salaries of the Company's representatives, travel costs, room and board and audit fees. Nothing contained herein shall constitute an agreement by the Company to accept any payments after the same are due or a commitment by the Company to extend credit to or otherwise finance the Franchisee's operation of the Franchisee's Business. The Company agrees that the penalties referred to herein shall not apply to any deficiencies referred to herein for the first occurrence if said occurrence is cured within five (5) business days upon written notice by the Company to the Franchisee.

**13.4 Compliance Audits.** The Company may from time to time perform compliance audits reviewing operations of the Franchisee's Business, such as legal regulatory compliance issues, marketing, and adherence to Byrider, CNAC, and Service Center operational standards ("Compliance Audits" or in the singular "Compliance Audit"). If Franchisee fails a Compliance Audit, in the reasonable judgment of the Company, a failure currently meaning a score of less than 80%, Franchisee shall pay to Company a penalty in the amount of \$500.00 plus reimbursement of travel, food, and lodging for a second consecutive audit. If Franchisee fails the second consecutive Compliance Audit, Franchisee shall pay to Company a penalty in the amount of \$2,500.00 plus reimbursement of travel, food, and lodging for a third consecutive Compliance Audit. If Franchisee fails the third consecutive Compliance Audit, Franchisee shall pay to Company a penalty in the amount of \$10,000.00 and the Company shall have the right to terminate this Agreement pursuant to Section 16.2.

## ARTICLE XIV

### TRANSFER OF FRANCHISE

14.1 **Assignment by the Company.** The Franchisee acknowledges that the Company maintains a staff to manage and operate the System and that staff members can change as employees come and go. The Franchisee further acknowledges that it did not sign this Agreement in reliance on the continued participation by or employment of any of the Company's shareholders, directors, officers, or employees. The Company shall have the right to change its ownership or form and/or assign or transfer this Agreement, all of its rights, obligations and privileges under this Agreement, and any other agreement to a third party without restriction. After the Company's assignment of this Agreement to a third party who expressly assumes all of the obligations of the Company under this Agreement, the Company will no longer have any performance or other obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to the Company's interest in it.

14.2 **Assignment by Franchisee to a Wholly-Owned Corporation or Limited Liability Company or Other Business Entity.** Notwithstanding anything contained herein to the contrary, including, without limitation, Section 14.3 below, subject to the Company's prior written consent, which will not be unreasonably withheld, if the Franchisee is a natural person and is in full compliance with this Agreement, he may assign and transfer the rights hereunder to a corporation, limited liability company, or other similar business entity (hereinafter, the "Entity") in which the Franchisee (a) is the owner of the controlling ownership interests of the Entity and (b) is the principal executive officer of the Entity, as long as: (i) the Entity owns all of the assets of the Franchisee's Business; (ii) the Entity's activities are confined exclusively to operating the Franchisee's Business; and (iii) the other owners of the Entity's ownership interests would not be in violation of the covenants not to compete set forth in Section 18.1. Such transfer will not be subject to payment of a transfer fee. The Entity must, in a writing satisfactory to the Company, assume all the Franchisee's obligations under this Agreement. No new ownership interests in the Entity shall be issued to any person, trust, foundation, limited liability company, corporation or other business entity without obtaining the Company's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the ownership interest. Franchisee agrees to execute a guaranty in the form Company prescribes undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between the Company and Franchisee.

#### **14.3 Assignment by Franchisee to Third Party.**

A. The Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to the Franchisee and its owners and that the Company has granted the Franchisee the franchise in reliance upon its perceptions of the Franchisee's and its owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following (each a "Transfer") may be transferred without the Company's prior written approval which will not be unreasonably withheld: (i) this Agreement (or any interest in this Agreement); (ii) the Franchisee's Business (or any right to receive all or a portion of the Franchisee's Business' profits or losses or capital appreciation related to the Franchisee's Business); (iii) the right to occupy the Business Location; (iv) substantially all of the assets of the

Franchisee's Business; (v) any ownership interest in the Franchisee (if the Franchisee is a legal entity); or (vi) any ownership interest in any of the Franchisee's owners (if such owners are legal entities). A transfer of the ownership, possession or control of the Franchisee's Business, or substantially all of its assets, may be made only with a transfer of the franchise granted under this Agreement. Any transfer without the Company's approval is a breach of this Agreement and has no effect.

A "transfer" shall not include a transfer of a deceased owner's ownership interest in Franchisee or Franchisee's owner to an existing owner so long as a new majority owner, if any, signs all documents a majority owner is required to sign under this Agreement.

**B.** In this Agreement, the term "Transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

(1) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(2) any sale of a security convertible to an ownership interest;

(3) transfer of an interest in the Franchisee or the Franchisee's owners, this Agreement, the Franchisee's Business or substantially all of its assets, or the right to occupy the Business Location in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(4) if the Franchisee, one of the Franchisee's owners or an owner of one of the Franchisee's owners dies (if natural persons), a transfer of an interest in the Franchisee, this Agreement, the Franchisee's Business or substantially all of its assets, the right to occupy the Business Location or the Franchisee's owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(5) pledge of this Agreement (to someone other than the Company) or an ownership interest in the Company or its owners as security, foreclosure upon the Franchisee's Business, or the Franchisee's transfer, surrender, or loss of the possession, control, or management of the Franchisee's Business; provided that Franchisee may pledge the assets of the Franchisee's Business to a lender in connection with obtaining financing for the Franchisee's Business.

**C.** If the Franchisee and its owners are in full compliance with this Agreement, then, subject to the provisions of this Section 14, the Company will approve a transfer that meets all of the requirements of this Section 14.3.C. A non-controlling (less than 50%) ownership interest in the Franchisee (or its owners), as determined as of the date on which the proposed transfer will occur, may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is a legal entity) are of good character and meet the Company's then applicable standards for franchisees. All proposed transferees must fill out and submit to the Company its then current form of franchise application. If the proposed transfer is of this Agreement, the Franchisee's Business or a controlling ownership interest in the Franchisee or one of its owners, or is one of a series of transfers (regardless of time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in the

Franchisee (or one of its owners) (each, a “Control Assignment”), then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) The purchaser, transferee, lessee or assignee (the "Assignee") (or the principal officers, shareholders, members, or directors of the Assignee in the case where the Assignee is a legal entity) has the aptitude, skills, qualifications, credit and financial resources necessary, in the Company's judgment, to conduct the Franchisee's Business and to fulfill the Assignee's obligations to the Company;

(2) As of the date of any such Control Assignment, the Franchisee shall have fully complied with all its obligations hereunder or under any other agreement with the Company, including, without limitation, (i) paying all monetary obligations owed to the Company, its affiliates, and any third party vendors, (ii) submitting all required reports and statements, and (iii) complying with all provisions of this Agreement or any other agreement with the Company or its affiliates during both the sixty (60) day period before the Franchisee requested the Company's consent and the period between the Franchisee's request for consent and the effective date of the Assignment;

(3) Neither the Assignee nor its owners (if the Assignee is a legal entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business (defined in Section 18.1);

(4) The Business Location's landlord, if any, allows the Franchisee to transfer the Business Location's lease to Assignee, Assignee assumes all of the obligations of the Franchisee under the lease for the Business Location and the Franchisee is not in default with respect to any of its obligations under said lease;

(5) Unless the Assignee is an immediate family member of Franchisee (or the transferring owner), the Assignee executes the Company's then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement; provided that the Assignee shall not be obligated to pay an Initial Franchise Fee; provided further that the term of the new franchise agreement shall expire on the date provided in such new franchise agreement;

(6) The Franchisee and its owners execute and deliver to the Company a general release of all claims against the Company, its shareholders, officers, directors, employees, and agents;

(7) The Assignee, or Designated Manager designated by the Assignee, shall have satisfactorily completed the Initial Training Program then required of all new franchisees of the Company, and paid the then-current training fee being charged by the Company in connection with all such transfers, unless such training is waived by the Company, in writing, because of the Assignee's prior experience or training;

(8) All individuals and entities who will be direct or indirect owners must execute or have executed a guaranty in a form the Company prescribes;

(9) The Company has determined that the purchase price and payment terms will not adversely affect the Assignee's operation of the Franchisee's Business;

(10) If the Franchisee or any of its owners finance any part of the purchase price, the Franchisee and/or its owners agree that all of the Assignee's obligations under promissory notes, agreements or security interests reserved in the Franchisee's Business are subordinate to the Assignee's obligations to pay any amounts due to the Company, its affiliates, and third-party vendors and otherwise to comply with this Agreement;

(11) (a) Franchisee has corrected any existing deficiencies of the Business Location of which the Company has notified Franchisee on a punch list or in other communications, and/or (b) the Assignee agrees (if the Control Assignment is of this Agreement) to upgrade, remodel, and refurbish the Business Location in accordance with the Company's then-current requirements and specifications for Businesses within the time period the Company specifies following the effective date of the Control Assignment; provided the Company will advise the Assignee before the effective date of the Control Assignment of the specific actions that it must take and the time period within which such actions must be taken;

(12) The Franchisee shall provide the Company with such information as the Company shall require to make such evaluations of the proposed Assignee as it shall deem necessary to satisfy its requirements;

(13) The Franchisee has first offered to sell, transfer, lease or assign this Agreement and the Franchisee's Business to the Company in accordance with Article XV; unless the Assignee is an immediate family member of Franchisee (or an approved existing owner of the franchise);

(14) The Franchisee and its transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Businesses the Franchisee owns and operates) identify itself or themselves or any business as a current or former Business or as one of the Company's franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Business in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with the Company;

(15) Any advertisement for the sale of the Franchisee's rights hereunder shall make clear that the Franchisee and not the Company is the offeror;

(16) The Franchisee shall pay the Transfer Fee to the Company; unless the Assignee is an existing owner of Franchisee or an immediate family member of Franchisee (or one of its owners); and

(17) The Franchisee and its transferring owners comply with the covenants under Sections 18.1 and 18.2.

The Franchisee acknowledges and agrees that the Company may review all information regarding the Franchisee's Business that the Franchisee gives the Assignee, correct any information that the Company believes to be inaccurate, and give the Assignee copies of any

reports that the Franchisee has given the Company or the Company has made regarding the Franchisee's Business.

**14.4 Death or Incapacity of the Franchisee.**

A. In the event of the death or incapacity of the Franchisee (if it is a natural person) or the death or incapacity of Franchisee's principal owner (if Franchisee is a legal entity), the Franchisee's or such principal owner's heirs, personal representatives, executors, guardians, administrators or conservators, as applicable, shall, within one hundred eighty (180) days following such death or incapacity, complete the transfer of the Franchisee's interest in this Agreement, the Franchisee's Business and Business Location or, as applicable, of the principal owner's interest in Franchisee, to a person or entity approved by the Company. The person to whom such interests are proposed to be transferred must meet the Company's standards for new franchisees, agree to execute the then-current form of franchise agreement, and, within ninety (90) days after the death or legal incapacity of the Franchisee (or the death or legal incapacity of the principal owner of the Franchisee if the Franchisee is a legal entity), shall have satisfactorily completed the Company's then current Initial Training Program; provided that the transferee will not be required to execute the then-current form of franchise agreement if the transferee is an immediate family member of Franchisee (or the deceased owner if Franchisee is an entity). If at the time of such death or legal incapacity the Franchisee has employed a manager who has satisfactorily completed such training program, such manager shall be deemed to have satisfied such training requirements. The term "**incapacity**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent the Franchisee or its principal owner from supervising the management and operation of the Franchisee's Business. In the event the transferee is an immediate family member of Franchisee (or the deceased owner if Franchisee is an entity), then no Transfer Fee shall be due to the Company.

**14.5 Effect of Consent to Transfer.** The Company's consent to an Assignment of this Agreement, the Franchisee's Business, the right to occupy the Business Location, or any interest in Franchisee or its owners, is not a representation of the fairness of the terms of any contract between the Franchisee and the Assignee, a guarantee of the prospects of success of the Franchisee's Business or the Assignee, or a waiver of any claims the Company has against the Franchisee (or its owners) or of the Company's right to demand the Assignee's full compliance with this Agreement.

**14.6 No Encumbrance.** Neither Franchisee nor its owners shall have the right to pledge, encumber, hypothecate, or otherwise give any third party a security interest in (i) the ownership interests of Franchisee or its owners, as applicable, or (ii) this Agreement, in any manner whatsoever, unless (a) the Company provides its prior written consent, which consent may be withheld for any reason whatsoever in the Company's sole judgment and (b) the secured party agrees that its claims will be subordinate to all amounts the Franchisee owes at any time to the Company or its affiliates.

## ARTICLE XV

### RIGHT OF FIRST REFUSAL

15.1 **Procedure Regarding Right of First Refusal and Assignment.** If the Franchisee (or any of its owners) at any time determine to effectuate a Control Assignment, the Franchisee agrees to obtain from a responsible and fully disclosed buyer, and send to Company a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to the Control Assignment. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price.

15.2 **Right of First Refusal.** Within thirty (30) days after the Company's receipt of the bona fide written offer and all other information the Company requests (the "Review Period"), the Company shall have the right, by written notice to the Franchisee, to cause the Control Assignment to be made to itself or to its nominee upon the terms and conditions contained in the written offer except that the Company shall be allowed to pay the equivalent cash value of any consideration specified in the notice, and Franchisee will be required to grant the customary warranties and representations to the Company. The failure of the Company to deliver such notice within the Review Period shall constitute a waiver of its right of first refusal. In the event the Control Assignment is to Franchisee's (or the transferring owner's) family members, then this Article XV shall not apply.

15.3 **Company Objections/Conditions to Assignment.** If the Company does not exercise its said right of first refusal it shall have the right, but not the obligation, to deliver to the Franchisee, no later than the expiration of the Review Period, written notice of any objection it has, or any conditions it will impose upon, the proposed assignment. The failure of the Company to deliver such notice within the Review Period shall constitute a consent to the proposed assignment but without waiver of any other rights the Company has under this Agreement.

15.4 **Change in Terms/Conditions of Assignment.** If the Company does not exercise its right of first refusal, and does not object to the Control Assignment, the Franchisee shall have the right, for a period of ninety (90) days after the expiration of the Review Period, to effect the Control Assignment to the proposed Assignee upon the terms and conditions specified in the written offer submitted to the Company subject to such conditions as the Company may have reasonably imposed thereon. If the terms of the Control Assignment are materially changed thereafter, such changed terms shall be deemed a new offer and the Company shall again have such right of first refusal with respect to them.

15.5 **Failure of Assignment - New Right of First Refusal.** If the Franchisee fails to effectuate the Control Assignment within ninety (90) days after the expiration of the Review Period, then the proposed Control Assignment shall be deemed a new proposal for Control Assignment with respect to which the Company shall have the right of first refusal.

## ARTICLE XVI

### DEFAULT & TERMINATION.

#### 16.1 **The Company's Right to Terminate Prior to Opening.**

A. The Company shall have the right to terminate this Agreement forthwith if:

(1) Prior to the Franchisee's Business opening, the Franchisee shall have failed to satisfactorily complete the Initial Training Program as required herein. The Franchisee acknowledges that because of the Company's skill and knowledge with respect to the training and skill required to manage the Business, its decision whether or not the Franchisee has satisfactorily completed such training may be made by the Company in the good faith exercise of its sole, subjective judgment;

(2) The Franchisee's Business is not opened to the public for business within one (1) year of the execution of this Agreement;

(3) Any financial, personal or other information provided by the Franchisee to the Company in connection with the Franchisee's application for the franchise is materially false, misleading, incomplete or inaccurate.

B. If the Company elects to terminate this Agreement pursuant to this Section, the Company shall notify the Franchisee of its election. If, at the time of such termination, the Franchisee has entered into a binding lease or purchase agreement for the Business Location or has entered into binding purchase orders for the purchase of equipment or fixtures to be installed in the Business Location, the Company shall have the right but not the obligation to require the Franchisee to use its best efforts to assign its rights under the lease, purchase agreements and purchase orders to the Company or its designee. If the Company elects, and such assignments are made, the Company or its designee shall assume all of Franchisee's obligation under such lease, purchase agreements and purchase orders. If the Company exercises its right to terminate pursuant to this Article, this Agreement shall be null, void and of no effect, and neither party shall have any further right or obligation to the other except those obligations which, by their nature, survive such termination.

#### 16.2 **The Company's Right to Terminate After Opening.**

A. **Grounds for Termination Without Cure Period.** The Company shall have the right to terminate this Agreement immediately if:

(1) The Franchisee (or any of its owners) has made or makes any material misrepresentation or omission in acquiring or operating the Franchisee's Business;

(2) The Company has sent a notice of default under the Software Agreement due to Franchisee's breach of its provisions or under any other franchise agreement for a Business between the Franchisee (or any of its owners or affiliates) and the Company, which default is not timely cured;

(3) The Franchisee (or any of its owners) makes or attempts to make any transfer in violation of Article XIV;

(4) The Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; the Franchisee consents to the appointment of a receiver, trustee, or liquidator of all or a substantial part of its property; the Franchisee's Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of the Franchisee or the Franchisee's Business is not vacated within thirty (30) days following the order's entry;

(5) The Franchisee's Business or the Business Location is seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against the Franchisee remains unsatisfied for ninety (90) days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the licenses granted hereunder or upon any property used in the Franchisee's Business, and is not discharged within thirty (30) days of such levy;

(6) The Franchisee or Designated Manager, directors, officers or majority stockholder are convicted of, or plead guilty or no contest to, a felony or other criminal misconduct which is directly related to the operation of the Franchisee's Business; or

(7) A termination of any other franchise agreement between Franchisee (or any of its affiliates) and Company.

## B. Termination After Opportunity to Cure.

(1) The Company shall have the right to terminate this Agreement immediately if the Franchisee fails to pay the Company (or their affiliates) any amounts due and does not cure the failure within ten (10) business days after written notice of the failure to the Franchisee.

(2) The Company shall have the right to terminate this Agreement immediately if the Franchisee fails to comply with this Agreement in any of the following manners and does not cure the failure within thirty (30) days after written notice of the failure to the Franchisee:

a) The Franchisee voluntarily or otherwise abandons the Franchisee's Business by failing to operate it for a period of three (3) consecutive business days or more during the Term, unless the Franchisee's Business has been closed for a purpose approved by the Company;

b) The Franchisee fails to purchase or maintain the insurance required by this Agreement or fails to reimburse the Company for purchasing of such insurance on the Franchisee's behalf;

c) The Franchisee interferes with the Company's right to inspect the Franchisee's Business or observe its operation, as provided in Section 6.10 of this Agreement;

d) The Franchisee (or any of its owners) makes any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

e) The Franchisee's or Franchisee's owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or the Franchisee or any of the Franchisee's owners otherwise violate any such law, ordinance, or regulation;

f) The Franchisee fails to comply with any federal, state or local law, ordinance, or regulation;

g) The Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the operation of the Franchisee's Business, unless the Franchisee is in good faith contesting its liability for these taxes;

h) The Franchisee (or its owner) fail to assign this Agreement in accordance with the terms of this Agreement in the event of the Franchisee's (or its owner's) death or disability; or

i) The loss by the Franchisee of the right to occupy the Business Location because of a breach by Franchisee of any material provision of the lease for the Business Location, or otherwise, unless Franchisee has secured an alternative location acceptable to the Company; or

j) The Franchisee fails to comply with any other provision of this Agreement and does not correct the failure within (30) days after the Company delivers written notice of the failure to the Franchisee.

k) The Franchisee fails, in the reasonable judgment of the Company, to satisfactorily pass three (3) consecutive Compliance Audits performed by the Company.

**C. Effectiveness of Termination.** Except for termination pursuant to Section 16.2B(1), 16.2A(3) or 16.2A(4), the termination of this Agreement pursuant to Section 16.2A or Section 16.2B shall be automatically effective sixty (60) days after delivery of the notice of termination, provided that a termination for default pursuant to Section 16.2B(1), 16.2A(3) or 16.2A(4), shall be effective ten (10) days after delivery of the notice of termination. The Franchisee acknowledges and agrees that, upon delivery of this notice of termination, Franchisee shall have no additional opportunity to cure the default based upon which the Company terminated this Agreement. The Franchisee further acknowledges and agrees that the sixty (60) day (or ten (10) day period if terminated pursuant to Section 16.2B(1) or pursuant to 16.2A(4)) (referred to herein as the "Wind Down Period") shall be used by Franchisee for the sole purpose of winding down the Franchisee's Business and, during such period, the Franchisee must continue to operate the Franchisee's Business pursuant to the terms of this Agreement. In the event the Franchisee engages in any conduct during this period which, in the reasonable opinion of the Company, impairs the goodwill and reputation of the Company, the Marks and/or the System, the Company has the right to eliminate any or all of the wind down period and effectuate the termination immediately upon written notice to Franchisee.

Notwithstanding anything contained in Section 17.1 to the contrary, the Franchisee acknowledges and agrees that it shall use the Wind Down Period to perform its obligations under Section 17.1 and that within ten (10) days of the effectiveness of the termination, the Franchisee shall provide the Company with evidence that the Franchisee has complied with all of those obligations.

### **16.3 Franchisee's Rights to Terminate.**

**A. Grounds.** If the Franchisee is in full compliance with this Agreement and the Company breaches any material provision, term or condition, Franchisee may terminate this Agreement as provided herein.

**B. Procedure.** The Franchisee shall not have any right to terminate this Agreement or commence an action against the Company for injunctive relief, violation of any state, federal or common law, unless and until:

(1) Written notice setting forth the alleged breach in detail has been delivered to the Company by the Franchisee; and

(2) The Company fails to correct, or diligently make all reasonable efforts to correct, the alleged breach within thirty (30) days after receipt of such written notice.

**C. Required Notice-Waiver of Breach.** If the Franchisee fails to give the Company written notice of an alleged breach of this Agreement within one (1) year from the date that the Franchisee has knowledge of the facts which constitute a breach by the Company, then the alleged breach shall be deemed to be condoned, approved and waived by the Franchisee and the alleged breach or violation shall not be deemed to be a breach or violation of this Agreement.

**D. Termination.** Notwithstanding any other provision of this Agreement to the contrary, in the event Franchisee terminates this Agreement pursuant to Section 16.3 upon final determination by a court that the Company has breached this Agreement, the Company shall hold implementation of the provisions of Sections 17.1.D.E.F.G.H and 17.2 in abeyance for such reasonable period as is necessary, not to exceed ninety (90) days, for Franchisee to implement a transition of Franchisee's Business to new systems, new signage etc. all without charge therefor, and the restrictions of Section 18.2 shall be inapplicable.

**16.4 Cross-Default.** Any default by the Franchisee (or any person/company affiliated with the Franchisee) under this Agreement may be regarded as a default under any other agreement between the Company (or any of its affiliates) and the Franchisee (or any of its affiliates). Any default by the Franchisee (or any person/company affiliated with the Franchisee) under any other agreement, including, but not limited to, any other franchise agreement, between the Company (or any of its affiliates) and the Franchisee (or any person/company affiliated with the Franchisee), and any default by the Franchisee (or any person/company affiliated with the Franchisee) under any obligation to the Company (or any of its affiliates) may be regarded as a default under this Agreement.

## ARTICLE XVII

### **OBLIGATIONS UPON TERMINATION**

17.1 **Obligations.** In the event of the termination or expiration of this Agreement, whether by reason of default, lapse of time or other cause, the Franchisee shall: (A) promptly pay all amounts owed to the Company; (B) promptly return to the Company the Manual and other confidential materials including, without limitation, all the BYRIDER Computer Software; (C) maintain confidentiality of all proprietary and Confidential Information furnished by the Company; (D) immediately cease using any of the Marks except as provided for herein; (E) immediately make all alterations to the building facilities and exterior signs at the Business Location to distinguish them from the appearance and identity of a Business; if the Franchisee shall fail or refuse to make or cause such changes to be made, the Company, without prejudice to its other rights and remedies, may enter upon the Business Location, forcibly if necessary, without being guilty of trespass or any other tort, and make such changes at the Franchisee's expense except as provided for herein; (F) within thirty (30) days after the termination or expiration of this Agreement, cancel all Byrider telephone listings, numbers and directory advertising, and, if required by the Company, direct the transfer of the same to the Company or on its order; (G) take such actions as may be necessary or desirable to assign to the Company or the Company's designee any Internet domain names, assumed name, rights or equivalent registration which contain the Marks, including, without limitation, any slogans used by the Company, within thirty (30) days after the termination or expiration of this Agreement; (H) comply with all covenants contained in Article XVIII herein; (I) pay all costs, including attorneys' fees, incurred by the Company in terminating this Agreement.

Further, if the Franchisee or an affiliate of Franchisee is the titleholder of the Business Location and if the termination of this Agreement is due to Franchisee's breach prior to the scheduled expiration of this Agreement according to 5.1 herein, the Company shall have the right, but not the obligation, to enter into a lease for the Business Location at a fair market value rental for a term of two (2) years.

17.2 **Termination of Access to BYRIDER Computer Software.** Upon termination or expiration of this Agreement, the Software Agreement shall also concurrently expire or terminate. Upon such termination or expiration, the Company shall not be obligated to provide the Franchisee with access to the BYRIDER Computer Software or provide any services with respect thereto, except that the Company shall promptly make available to Franchisee (in a commercially reasonable media and form or format, as Company shall determine) any and all information needed to permit Franchisee (or its assignee) to collect its receivables and otherwise engage in an orderly transfer, transition or wind down of Franchisee's Business.

17.3 **Survival of Obligations.** The expiration or termination of this Agreement shall be without prejudice to any of the rights and remedies of the Company with respect to the foregoing obligations, competitive covenants and other like matters that reasonably would survive the end of this Agreement.

## ARTICLE XVIII

### **COVENANTS NOT TO COMPETE**

#### **18.1 In-Term Covenant Not To Compete.**

Franchisee and its owners agree that, during this Agreement's term, neither Franchisee, nor any owner, nor any member of Franchisee's or an owner's immediate family will:

- (a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise) in, or as a landlord of, a Competitive Business (defined below), wherever located or operating;
- (b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating;
- (c) recruit or hire any employee of Company, Company's affiliates or Company's franchisees without obtaining prior written permission from such employer; or
- (d) divert or attempt to divert any actual or potential business or customer of the Franchisee's Business to a Competitive Business.

The term "Competitive Business" means any business (other than a Business being operated pursuant to a franchise agreement with the Company) which: (i) offers leasing or sells used automobiles, while retaining the retail installment contract or lease, (ii) operates itself as a provider of buy here pay here or lease financing whereby the selling dealer who originates retail installment contracts or leases and the assignee of the retail installment contracts or leases have some common equity ownership; (iii) provides vehicle repair services; or (iv) grants franchises or licenses to operate a business covered by the terms of (i), (ii) or (iii) of this subsection.

**18.2 After Termination.** With the exception of activities usual and customary to the winding-up or transfer of a business (e.g. collection of receivables, transitional assistance to a transferee, etc.) not to exceed 90 days, which activities Company hereby affirms that Franchisee shall have the right in which to engage, Franchisee agrees that for a period of one (1) year immediately following the expiration or termination of this Agreement or any Successor Franchise Agreement, neither it nor any of its owners (or their immediate family members) will (i) engage, participate or assist in any way in the operation of or (ii) have any direct or indirect interest (whether as an owner, investor, partner, director, officer, employee, consultant, representative, agent, landlord, or otherwise) in, any Competitive Business that is located within a twenty-five (25) mile radius of Franchisee's Business or within a ten (10) mile radius of any Business in operation or under construction as of the date of expiration or termination of this Agreement. The one (1) year post-Term noncompete period in this Article 18.2 shall begin on the date Franchisee complies with Article 18.2.

**18.3 Covenants by Franchisee's Personnel.** The Company shall have the right to require the Designated Manager and all other personnel performing managerial or supervisory

functions and all personnel receiving special training from the Company to execute confidentiality covenants in a form satisfactory to the Company.

**18.4 Enforcement of Covenants Not To Compete.** The Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to the Company for which no adequate remedy at law will be available. Accordingly, the Franchisee hereby acknowledges the Company's right to seek an injunction and agrees not to contest any application by the Company for such injunction to prohibit any conduct by the Franchisee in violation of the terms of those covenants not to compete set forth in this Agreement. The Franchisee expressly agrees that it may be conclusively presumed that a violation of the terms of said covenants not to compete was accomplished by and through the Franchisee's unlawful utilization of the Company's Confidential Information, know-how, methods and procedures. Further, the Franchisee expressly agrees that the existence of any claims it may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company for the covenants not to compete set forth in this Agreement.

**18.5 Fee for Employment Practices.** Franchisee acknowledges that the Company and Byrider Businesses make substantial investment in the hiring, training, and developing of its and their employees. Although Franchisee is not restricted from soliciting and/or hiring such employees, Franchisee agrees that if, during the Term and for a one (1)-year period after the termination or expiration of this Agreement, Franchisee or any of its owners, directly or indirectly, on behalf of itself or any other person (whether as an owner, employee, agent, consultant or in any other capacity), employs any person who is an employee of, or who, within one year of being hired by Franchisee, was previously employed by, the Company (or any of its affiliates) or any Byrider Business, without the written consent of the Company (or such affiliate) or such Byrider Business, then Franchisee must immediately pay an amount of damages equal to three (3) times the annual compensation of such individual to the Company (or its affiliate) or Byrider Business, as applicable.

## **ARTICLE XIX**

### **ARBITRATION**

#### **19.1 Arbitration.**

The parties agree that all controversies, disputes, or claims between Company and its affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between the parties;
- (2) Company's relationship with Franchisee;
- (3) the validity of this Agreement or any other agreement between the parties or any provision of any such agreements (including validity and scope of the arbitration

obligations under this Section, which the parties acknowledge are to be determined by an arbitrator, not a court); or

- (4) any System requirement;

must be submitted for binding arbitration, on demand of either party, to Judicial Arbitration and Mediation Service (“JAMS”) or its successor (or an organization designated by JAMS or its successor). All questions of arbitrability shall be determined by the arbitrator. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current arbitration rules of JAMS. All proceedings will be conducted at a suitable location chosen by the arbitrator in the Indianapolis, Indiana metropolitan area. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any mark generic or otherwise invalid or, except as expressly provided in Section 20.8 below, award any punitive, exemplary or multiple damages against either party (each party hereby waiving to the fullest extent permitted by law, except as provided in Section 20.8 below, any right to or claim for any punitive or exemplary damages against the other).

Company and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Company and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Company or Franchisee.

Company and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Company and its affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Company and any other person. Notwithstanding the foregoing or anything to the contrary in this Section or Section 20.1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 19.1, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with Section 20.6.

Despite this agreement to arbitrate, Company and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Company and Franchisee must contemporaneously submit the dispute for arbitration on the merits as provided in this Subsection.

The provisions of this Subsection are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

## **ARTICLE XX**

### **MISCELLANEOUS**

**20.1 Severability.** All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or refusal to extend the Term or prior notice of the refusal to grant the right to obtain a Successor Franchise Agreement than is required herein or the taking of some other action not required hereunder or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Company is invalid or unenforceable, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure shall be modified to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdictions and shall be enforced as originally made and entered into in all other jurisdictions.

**20.2 No Third Party Rights.** Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall it be deemed to confer upon any person or legal entity other than the Company or the Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement, except as provided in Section 18.5 and Section 19.1.

**20.3 Captions.** All captions herein are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

**20.4 Counterparts.** This Agreement may be executed in one or more counterparts and each copy so executed shall be deemed an original but all copies together shall constitute one agreement.

**20.5 Governing Law.** This Agreement takes effect upon its acceptance and execution by the Company in Indiana and shall be interpreted and construed in accordance with Indiana law. Any dispute between the parties, except as stated in this Section 20.5, shall be governed by the laws of the State of Indiana which law shall prevail in any event of conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.), the United States Arbitration Act (9 U.S.C. 1 et seq.), or other federal law. The provisions of any law of Indiana regarding franchises (including, without limitation, registration, disclosure, or relationship, and the regulations promulgated thereunder) shall not apply unless such law's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section. The enforceability of the covenants set forth in Article

XVIII shall be determined in accordance with the law of the state in which Franchisee's Business is located.

20.6 **Choice of Forum.** The Company and the Franchisee agree that any action brought by one of them against the other (which is not to be arbitrated pursuant hereto or pursuant to law) shall be instituted exclusively in a state or federal court having subject matter jurisdiction thereof located in Marion County, Indiana and they irrevocably waive any objection they may have to the jurisdiction or the venue of such court.

20.7 **Jury Trial Waiver.** The Company and the Franchisee irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

20.8 **Punitive Damage Waiver.** The Company and the Franchisee irrevocably waive any claim to punitive damages in any action, proceeding or counterclaim, whether at law or in equity brought by either of them.

20.9 **Limitation of Actions.** Except for claims arising from the Franchisee's non-payment or underpayment of amounts owed to the Company or its affiliates, any and all claims arising out of or relating to this Agreement or the relationship between the Franchisee and the Company will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

20.10 **Waiver.** The Company and the Franchisee may, by written instrument, unilaterally waive any obligation or restriction upon the other under this Agreement. Except as provided herein, no acceptance by the Company of any payment by the Franchisee and no failure, refusal or neglect of the Company to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard operating procedure, shall constitute a waiver of any provision of this Agreement.

20.11 **Royalty Fee.** The Franchisee shall not, on the grounds of alleged non-performance by the Company of any of its obligations hereunder, withhold payments of the Royalty Fee or any other amounts due the Company.

20.12 **Attorneys' Fees.** In the event either the Company or the Franchisee institutes a suit, action, arbitration, or proceeding to enforce any term or provision of this Agreement, the prevailing party in the suit, action, arbitration, or proceeding or, on appeal, shall be entitled to recover from the losing party reasonable attorneys' fees to be set by the trial or appellate court in addition to costs or disbursements provided by law.

20.13 **Notices - Approvals.**

A. **Notices.** All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered: (a) at the time delivered by hand; (b) at the time delivered via computer transmission; (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of

successful transmission; (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and (f) must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which Company does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

**B. Approvals.** Unless specifically provided otherwise where the consent or approval of the Company or the Franchisee is required herein, such consent or approval shall not be unreasonably withheld or delayed.

**C. Force Majeure.** Neither the Company nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) acts of God; (2) fires, strikes, embargoes, war or riot; or (3) any other similar event or cause that are beyond the control of the party failing to perform its obligations. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said cause shall not excuse payment of amounts owed at the time of such occurrence or thereafter and as soon as possible the non-performing party shall immediately resume performance and, in no event, shall non-performance be excused for more than six (6) months.

**20.14 Binding Effect.** This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement by both the Franchisee and the Company, except that the Company shall have the right to unilaterally change the Manual from time to time so long as such change does not directly conflict with any provision of this Agreement.

**20.15 Complete Agreement.** This Agreement contains the complete expression of the agreement between the parties and there are no promises, representations or inducements except as herein provided. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document.

**20.16 Confidentiality.** Except as required for Franchisee to conduct its regular daily business with the Company, Franchisee shall not at any time, either during or after termination of Franchisee's relationship with the Company, or in any way, disclose, disseminate, transfer and/or use, or permit anyone else to disclose, disseminate, transfer and/or use, any Confidential Information of the Company, and Franchisee shall retain all such information in trust for the sole use and benefit of the Company and/or its affiliates. Franchisee acknowledges that the Confidential Information of the Company is valuable, special and unique to the Company's business and on which such business depends, and is proprietary to the Company and its affiliates, and that the Company has protected and wishes to continue to protect the Confidential Information by keeping it secret and confidential for the sole use and benefit of the Company and its affiliates. Franchisee will take all steps necessary and all steps reasonably requested by the Company, to insure that all such Confidential Information is kept secret and confidential for the sole use and benefit of the Company and its affiliates. In so doing, Franchisee shall require and represents that each of its employees, agents and representatives complies with each and every provision of this

Agreement. Upon termination of this Agreement without the necessity of any request from the Company, or at any other time the Company may in writing so request, Franchisee shall promptly deliver to the Company all materials concerning any Confidential Information, copies thereof and any other materials of the Company and/or its affiliates which are in Franchisee's possession or under Franchisee's control, and Franchisee shall not make or retain any copy, draft or extract thereof which has been made at any time. Franchisee acknowledges that the foregoing provisions are necessary to protect the special knowledge of the Company's and its affiliates' trade secrets (which are the result of a considerable amount of time, money and effort of the Company and its affiliates to increase and maintain its sales, including product sales) which Franchisee has acquired and will acquire in carrying out Franchisee's job responsibilities as well as the Company's goodwill and customer relationships to which Franchisee has gained access through Franchisee's dealer relationship. Nothing contained herein shall be construed or considered to vest in the Franchisee any right, title or interest of any kind in or to the information disclosed or made available to it by the Company pursuant to this Agreement or otherwise. Accordingly, Franchisee acknowledges and agrees that all memoranda, notes, records, agreements, documents and other materials, as well as copies and drafts thereof, made and/or compiled by Franchisee and/or made available to Franchisee during the course of his/her dealer relationship, which relate to the Confidential Information (as stated above), is and shall remain the property of the Company. The obligations of Franchisee under this Section shall survive the termination (for any reason) or breach of this Agreement.

**20.17 Submission of Agreement.** The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution hereof by the Company and the Franchisee. The date of execution by the Company shall be considered to be the date of execution of this Agreement.

**20.18 Compliance with Anti-Terrorism Laws.** Franchisee and Franchisee's owners agree to comply, and to assist the Company to the fullest extent possible in Company's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee's or Franchisee's owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 16.2(A)(14) above.

**20.19 Disclosure of Franchisee Shareholders.** Upon request by the Company, Franchisee shall disclose to the Company the names of the shareholders and their respective percentages of ownership of the Franchisee corporation, Franchisee limited liability company, or other Franchisee entity.

**THIS AGREEMENT SHALL NOT BE BINDING ON THE COMPANY UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE COMPANY.**

IN WITNESS WHEREOF, the Company and the Franchisee have respectively signed this Agreement as of the day and year first above written.

**THE COMPANY DISCLAIMS ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF THE FRANCHISEE'S BUSINESS OPERATIONS UNDER THIS AGREEMENT.**

This is a legal document that grants specific rights to and imposes certain obligations on the Company and the Franchisee. Consult legal counsel to be sure that you understand your rights and duties.

**FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF AND ALL EXHIBITS/ADDENDUMS ATTACHED HERETO.**

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

---

«Signatory»«Signatory\_Title»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**EXHIBIT A**  
**TO FRANCHISE AGREEMENT**

**BUSINESS LOCATION**

The term “Business Location” shall mean Franchisee’s Business owned by Franchisee and located at:

«Business Location»

Protected Territory: a radius of 2 miles surrounding the Business Location

**EXHIBIT B**  
**TO FRANCHISE AGREEMENT**

**ROYALTY CATEGORY  
AND  
ADDITIONAL FRANCHISE CATEGORY**

The term “Royalty Category” shall mean: [Founder, Interim Founder, Standard, Ultra, Ultra2]

The term “Additional Franchise Category” shall mean: [Traditional or Ultra]

**EXHIBIT C**  
**TO FRANCHISE AGREEMENT**

**PERSONAL GUARANTY  
AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") between Byrider Franchising Partners, LLC ("Company") and «Name of Franchisee», «Entity Type», dated «Month» «Day», «Year», the undersigned ("Guarantor") hereby unconditionally: (1) guarantees to Byrider Franchising Partners, LLC, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the franchisee named therein and any assignee of franchisee ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be bound by, and liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the non-competition, confidentiality, transfer, and arbitration requirements.

The undersigned waives:

- (1) acceptance and notice of acceptance by Company of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligation hereby guaranteed;
- (4) any right to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (5) all rights to payments and claims for reimbursement or subrogation which Guarantor may have against Franchisee arising as a result of Guarantor's execution and performance under the Guaranty;
- (6) all other notices and legal or equitable defenses.

The undersigned consents and agrees that:

- (1) Guarantor's direct and immediate liability under this guaranty shall be joint and several;

(2) Guarantor shall render under this Guaranty any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(3) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Franchisee or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Company may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty shall become null and void upon the transfer of the Franchisee's Business (as defined in the Agreement) pursuant to the terms and conditions of the Agreement to a buyer approved by Company that has executed Company's then current form of franchise agreement, including the owner guaranty.

The provisions of Section 19.1 (Arbitration), Section 20.5 (Governing Law), Section 20.6 (Choice of Forum) and Section 20.12 (Attorneys' Fees) of the Agreement are incorporated into this agreement by reference and shall govern this guaranty and any dispute between the undersigned and Company.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Guaranty on the same day and year as the Agreement was executed.

GUARANTOR

---

«Signatory», Individually

**EXHIBIT D**  
**TO FRANCHISE AGREEMENT**

**BYRIDER SOFTWARE SERVICES AND USER AGREEMENT**

This Software Services and User Agreement (“Agreement”) is entered into as of the «Day» day of «Month», «Year», by and between BYRIDER FRANCHISING PARTNERS, LLC, having its principal place of business at 12802 Hamilton Crossing Blvd., Carmel, Indiana 46032 (hereinafter “Licensor” or “Company”) and Franchisee, as identified in the Franchise Agreement between Byrider Franchising Partners, LLC, and Franchisee dated «Month» «Day», «Year» (together with its agents and successors, collectively, hereinafter “Licensee”), and is made part of the Franchise Agreement. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Franchise Agreement.

1. Licensed System. Licensor has developed certain computer software programs relating to “buy-here-pay-here” automobile sales and collection management systems, including programs which allow generation of specific retail installment sales and security contracts from input data and monitoring of receivables and collection productivity by Licensee, for use in the automobile sales business (hereinafter referred to as “Licensed Software”). The Licensed Software includes components owned and licensed directly by Licensor (“Licensor Software”) and components provided from third parties and sublicensed by Licensor (“Third Party Software”). Licensor has also developed documentation associated with these programs (including end-user manuals) to assist in utilization and understanding of that software (hereinafter referred to as “Licensed Documentation”). The server portion of the Licensed Software will be hosted by Licensor from Licensor’s data processing facilities (the portion of those facilities that host the Licensed Software is hereinafter referred to as the “Hosting Facility”). Licensor has developed infrastructure standards (“Infrastructure Standards”) (as that term is defined and described in Exhibit 1 to this Agreement) that permit approved access to the Licensed System. The Hosting Facility, the Licensed Software, the Infrastructure Standards and Licensed Documentation, together with any modifications, translations, updates, versions, enhancements or improvements to the software programs and/or documentation provided by Licensor to Licensee are hereinafter referred to as the “Licensed System.” Licensor agrees to provide Licensee with one (1) copy of the Licensed Documentation and all updates or revisions to the Licensed Documentation. Licensor agrees to provide Licensee access to the Licensed Software.

2. Services. In accordance with the terms and conditions of this Agreement, Licensor shall provide Licensee with usage, login, and access to the Licensed System (all of which constitute and form part of the Confidential Information) for the purpose of providing to Licensee data processing and other services related to the “buy-here-pay-here” automobile sales and collection management systems, particularly generation of specific retail installment sales and security contracts from input data and monitoring of receivables and collection productivity by Licensee (hereinafter referred to as “Services”). Licensor shall have the right to suspend or limit, in whole or in part, Licensee’s access to the Services upon ten (10) days written notice to Licensee if any amounts due Licensor are more than thirty (30) days past due or as otherwise provided in the Franchise Agreement.

3. License. Subject to all the terms and conditions of this Agreement and the Franchise Agreement, Lessor hereby grants to Licensee, and Licensee hereby accepts, a non-exclusive, indivisible, non-transferable license to access and use the Licensed System in a manner consistent with the terms of this Agreement. Such license is provided for the sole purpose of allowing Licensee access to the functions of the Licensed System necessary to obtain the Services for the sole use of Licensee's automobile sales business pursuant to and in accordance with the Franchise Agreement. It is the responsibility of the Licensee alone to ensure that the Licensed System fulfills the individual requirements and goals of the Licensee. This license extends only to use for Licensee's own internal automobile sales business purposes and not for any direct or indirect benefit of third parties. Licensee agrees to access the Licensed System only by means of the equipment and procedures substantially similar to those designated in **Appendix A** attached hereto and incorporated herein by reference. Licensee agrees to use the Licensed System solely for the purposes of business initiated and conducted at the location specified in **Appendix C**, and additional locations may not be added without Lessor's approval. Licensee shall not use or access the Licensed System in connection with the performance of data processing services or as a service bureau for any third person. Licensee further agrees that it shall not use the Licensed System or transmit data to, through, or from the Hosting Facility in any manner that is contrary to any law or regulation of the United States or any state or country where Licensee is located. Licensee shall, at all times, use the Licensed System and access the Hosting Facility as directed by the Lessor from time to time. The components of the Licensed System may be changed from time to time at the Lessor's sole discretion.

4. Transmission of Data and Use of Services. Except as may be provided in this Agreement, Licensee shall be solely responsible for communications and transmission of any and all data and information of any kind between Licensee and the Licensed System/Hosting Facility (hereinafter "Customer Data"). Licensee assumes exclusive responsibility for the consequences of any instructions Licensee may give Lessor, for Licensee's failure to properly access the Licensed System in the manner prescribed by Lessor, and for Licensee's failure to supply accurate, timely, and/or complete input information. All network connectivity to and from the Licensed System and Hosting Facility is the responsibility of the Licensee and must be by means of secured network connections and controlled devices. Network configuration and access, anti-virus tools, firewalls, VPN tools, wireless access points, and possibly other means must be installed, maintained, and activated by the Licensee as directed by the Lessor. Licensee is responsible for choosing its network carrier, associated costs, and service levels. Lessor reserves the right to immediately suspend Licensee's network connectivity and use of the Licensed System if the Lessor believes in good faith that the Licensee poses a threat to the Licensed System or Lessor due to viruses, worms, hacking, or any other situation that presents reasonable dangers. Upon a showing that Licensee's use no longer poses such a threat, then Lessor shall reactivate Licensee's use of the Licensed System.

5. Undertakings of Lessor. In accordance with the terms of this Agreement, Lessor agrees to:

- a) Make its commercially reasonable efforts to maintain the Licensed System in operation twenty-four (24) hours a day, seven (7) days a week except for periods of scheduled maintenance;

- b) Use its commercially reasonable efforts to provide the Services in a manner that protects information transmitted by Lessor from unauthorized interception, modification, or replication; and
- c) Provide computer hardware and support for such hardware as detailed in this Agreement.

6. **Retention of Title.** Licensee agrees that all title, ownership, intellectual property rights, and similar rights, in and of the Licensed Software and Licensed Documentation and all copies in whole or in part thereof shall at all times remain with Lessor. Such intellectual property rights include, but are not limited to, patent, trademark, copyright, and/or trade secret rights. Licensee shall keep the Licensed Software and Licensed Documentation free and clear of all claims, liens, and encumbrances. Any act of Licensee purporting to create a claim, lien, or encumbrance on the Licensed Software and Licensed Documentation shall be void. Licensee further hereby acknowledges that the Licensed Software contains proprietary trade secrets and know-how, including the “look and feel” of the Licensed Software screen displays and the Licensed Software manner of operation. Licensee agrees to protect such proprietary information, trade secrets, and know how by complying with the confidentiality provisions of this Agreement.

7. **Fees.** Licensee shall pay to Lessor the amount specified in **Appendix B**, attached hereto and incorporated herein by reference, in accordance with the terms specified in **Appendix B**. The Initial Fee shall be paid within thirty (30) days of execution of this Agreement. The Conversion Fee shall be paid within thirty (30) days of the initial usage of the Licensed System. The Monthly Usage Fee shall be paid by the 15<sup>th</sup> of each month for the previous month’s usage. The Custom Support Fee shall be paid within thirty (30) days of invoicing. The Monthly Usage Fee and Custom Support Fee are subject to an increase or decrease at the discretion of the Lessor. An increase per fee shall not occur more than once per calendar year and is subject to at least ninety (90) days advance notice to the Licensee.

8. **Term.** This Agreement shall remain in full force and effect during the term of the Franchise Agreement and, unless sooner terminated as provided herein, shall expire or terminate concurrently with the expiration or termination of the Franchise Agreement.

9. **Customer Data.** Licensee shall remain the sole and exclusive owner of all its Customer Data and other confidential information of Licensee, regardless of whether such data is maintained on Lessor’s or Licensee’s technology systems, magnetic or other media, or any other storage or processing device. Lessor shall be permitted to view, and copy the Customer Data, and grant third party access to Customer Data at the discretion of Lessor for the purposes of analysis and maintaining the Licensed System. All such Customer Data and other confidential information of Licensee shall be subject to examination by the appropriate auditors to the same extent as if such information were on Licensee’s premises. Upon Licensee’s request, and at Licensee’s expense, Lessor shall provide promptly to Licensee copies of any and all Customer Data on media designated by Licensee. Also upon Licensee’s request, authorized personnel of Licensee shall be permitted access to the Lessor facilities utilized in providing the Services during normal business hours subject to any reasonable security procedures or other restrictions in effect at Lessor’s facilities. Notwithstanding the foregoing, Lessor may provide access to the Customer Data, without consent of Licensee, in compliance with the order or judgment of a court

of competent jurisdiction. Lessor will process items and data and perform the services under this Agreement on the basis of information furnished by Licensee. Lessor shall be entitled to rely upon any such data, information, or instructions as provided by Licensee. If any error results from incorrect input supplied by Licensee, Licensee shall be solely responsible for discovering and reporting such error and supplying data necessary to correct such error to Lessor. In no event shall Lessor be liable for any direct or indirect damages of any type resulting from data furnished by Licensee. Lessor may maintain backup Customer Data in perpetuity following the termination of this Agreement.

10. Anonymous Data. Licensee hereby grants an irrevocable non-exclusive license to Lessor and its agents, successors, and assigns to use, compile, distribute, market, sell and sublicense statistical analyses, information, data and reports utilizing data aggregated or obtained from Customer Data during the term of this Agreement (“Anonymous Data”). Lessor shall cause the Anonymous Data to be created in a manner which does not include information that personally identifies Licensee or any of its customers. Lessor’s use of Anonymous Data shall only be to the extent allowable by law. For example, Lessor shall be permitted to provide Licensee’s Customer Data to service bureaus and other parties who aggregate data for reporting and analysis purposes if the Lessor provides substantially similar Customer Data from the Franchisees of the Lessor for the same purpose. Examples of parties would include Experian, Equifax, Transunion, Carfax, and Lexis-Nexis.

11. Confidential Information. Licensee acknowledges that the Licensed Software and Licensed Documentation include proprietary information containing trade secrets and copyrighted materials. Licensee shall not make the Licensed Software or Licensed Documentation or any portion thereof available by assignment, sublicense, transfer, disclosure or any other means for copying or use by any person, firm, or corporation not a party to this Agreement other than its employees, agents and successors. Licensee acknowledges that any unauthorized disclosure to or use by third parties may cause immediate and irreparable harm and significant injury to Lessor that may be difficult to ascertain. Accordingly, Licensee agrees that Lessor will have the right to obtain immediate injunctive relief to enforce obligations under this Agreement, upon breach of such obligations or threat of such breach, in addition to any other remedies to which it may be entitled.

“Confidential Information” for purposes of this Agreement shall mean and include all information not in the public domain that relates to, is embodied in, or associated with Lessor, the Licensed System and the Hosting Facility and the methods of operation and nature of the foregoing, including, but not limited to, all trade secrets, know-how, engineering documents, designs and procedures, manuals, software, program listings, data file printouts, screen displays, technical data, research, or third-party confidential information disclosed to Lessor; and including the nature and existence of any of the foregoing. Confidential Information includes oral, intangible, and/or recorded forms of disclosure as well as written or tangible forms of disclosure and shall specifically include all information that if, due to its character or nature, a reasonable person in a like position and under like circumstances as Licensee would treat as confidential. Confidential Information, however, does not include information that: 1) is now or subsequently becomes generally available to the public through no fault or breach on the part of Licensee; 2) Licensee can demonstrate to have had rightfully in its possession prior to disclosure to Licensee by Lessor; 3) is independently developed by Licensee without the use of any Confidential

Information; or 4) Licensee rightfully obtains from a third party who has the right to transfer or disclose it.

Licensee will not disclose, publish, or disseminate Confidential Information to anyone other than (a) those of its employees and contractors with a demonstrable “need to know” who have a binding, written, confidentiality obligation to Licensee that protect such Confidential Information against disclosure, or (b) other employees and contractors working for Licensee that have entered into a Non-Disclosure Agreement with Licenser. Licensee shall not, and shall not attempt to, decompile, reverse engineer, disassemble, modify, network, rent, lease, or loan the Confidential Information without prior written authorization of Licenser. Licensee shall not remove, overprint, or deface any notice of copyright, patent, trademark, logo, legend, or other notices of ownership from any originals or copies of Confidential Information. Licensee further agrees not to introduce any virus, worm, Trojan horse, bomb, sniffer, or other malicious computer code or process into the Licensed System or onto or through the Hosting Platform or any other Licenser network/s. Licensee agrees and consents that the mingling of the Confidential Information with any information of Licensee will not affect the Confidential Information status of such information. Licensee further agrees to take reasonable precautions to prevent any unauthorized use, disclosure, publication, or dissemination of Confidential Information. Licensee shall immediately notify Licenser of any actual or suspected unauthorized disclosure or use of the Confidential Information that comes to Licensee’s attention, and shall take all action that Licenser reasonably requests to prevent any further unauthorized use or disclosure thereof. Licensee shall not access nor attempt to gain access to data other than Licensee’s own Customer Data.

Licensee shall continue to be bound by these non-disclosure provisions after termination of this Agreement until the expiration of Licenser’s intellectual property rights and the public disclosure of Licenser’s trade secrets (through no fault of Licensee) in the Licensed System. The license granted under this Agreement is expressly conditioned upon Licensee’s continuous and complete compliance with the provisions of this Section 11.

12. Copying Prohibited. Licensee shall not make any copies of the Licensed Software in whole or part. Licensee shall not make any copies of the Licensed Documentation in whole or part [beyond the number of copies necessary for its use of the License System]. In no event shall Licensee make any copy of the Licensed Documentation available to any person other than one of its employees or agents who are bound to maintain that information in confidence and have been instructed not to make the copy available to any person other than an employee or agent of Licensee who is similarly bound.

13. Notice Marking. Licensee shall label all copies of the Licensed Documentation or separately identifiable portions thereof made by Licensee as follows:

© Byrider Franchising Partners, LLC All rights reserved. Copies in whole or part may only be made by express written permission of the copyright owner.

Such copyright notices shall be prominently displayed so as to be readily noticed by anyone having access to copies of the Licensed System or any portions thereof. Licensee shall not remove, hide, or disable any of the Licenser’s copyright notices on the Licensed System. Except as expressly

provided in Section 3, no rights are granted under this Agreement either expressed or implied with respect to any copyrights.

14. Security and Disaster Recovery. Lessor agrees to take commercially reasonable efforts to store, or cause to be stored, in a secure location remote from Lessor, additional copies of all records and Customer Data and any Lessor resources required to provide the Services, and additional tapes or disks necessary to reproduce all such records and Customer Data, as well as source or object code of all software included in the Licensed System on a reasonable periodic basis. Licensee acknowledges that such backup information will not be entirely current. Lessor shall establish and maintain safeguards against the destruction, loss or damage to or alteration of Customer Data in its possession which surpass minimum regulatory requirements and are no less rigorous than those maintained by Lessor for its own data and software, and use reasonable care in accordance with standard commercial practices to minimize the likelihood of any damage to or loss of such Customer Data. Lessor further agrees to maintain a Disaster Recovery Plan. "Disaster" shall mean any unplanned interruption of operations that materially affect the ability of Lessor to provide Services beyond a reasonable period of interrupted service. Such Plan shall include means for providing alternate electrical power to Lessor technology systems and for restoration of backed-up data. At all times, Licensee shall provide and maintain a secure network connection to the Licensed System and the Hosting Facility. At all times, Licensee shall cause its personnel to access the Licensed System and the Hosting Facility in a reasonably secure work environment to prevent any unauthorized use or access to the Licensed System or the Hosting Facility.

15. Limited Warranty. Lessor warrants that the Lessor's Software will substantially conform to Lessor's current published documentation when delivered to Licensee. **The Third Party Software is not warranted by Lessor.** In the event that the Licensee provides Lessor with written documentation at any time during the term of the Franchise Agreement verifying that there is a non-conformity in the Licensed Software which significantly impairs a vital business function not caused by defects in Third Party Software or misuse by Licensee, and Licensee is in full compliance with the terms of this Agreement, then Lessor, at Lessor's election, either 1) shall correct the non-conformity free of charge, or 2) shall provide an alternative procedure or "work around" whereby the non-conformity will not have a significant effect on the Licensee's use of the Licensed Software. Should such non-conformities be due solely to defects in Third Party Software, Lessor shall have no liability to Licensee for such defect and Licensee's sole remedy for such defect shall be from the Third Party. Licensee shall provide Lessor, at no charge, sufficient access to, support, and test time on Licensee's equipment to identify the non-conformity, certify that the non-conformity results from error of the Licensed Software, and certify whether or not the non-conformity has been remedied. Licensee agrees to establish adequate back up plans, including for personnel to aid in non-conformity diagnosis by Lessor and to assist in the repair of defects by Lessor, in the event of non-conformities, errors, defects or other malfunctions in the Licensed Software. Licensee shall also implement sufficient procedures to satisfy its own requirements for security and accuracy of input and output. Lessor does not guarantee any retroactive compatibility between new versions, releases, fixes, enhancements, or other modifications to the Licensed System.

THE FOREGOING WARRANTY IS NULL AND VOID IF THE ALLEGED NON-CONFORMITIES ARE PROXIMATELY CAUSED BY ANY OF THE FOLLOWING:

- A. ANY UNAUTHORIZED MODIFICATION OR USE OF THE LICENSED SYSTEM BY LICENSEE,
- B. LICENSEE'S FAILURE TO PERFORM A REQUIRED DUTY OR DUTIES, OR
- C. LICENSEE PERFORMING A REQUIRED DUTY IN AN IMPROPER MANNER.

16. Licensed System Maintenance and Support.

a. Lessor may make corrections, updates, and modifications of the Licensed System (“enhancements”) from time to time. Lessor shall make the enhancements to the Licensed System available to Licensee without additional charge except for any enhancements which constitute Third Party Software, or changes to Infrastructure Standards. Lessor will provide Licensee any enhancements which constitute Third Party Software or changes to Infrastructure Standards, and shall be permitted to pass through a charge to Licensee equal to Licensee’s pro rata portion of an amount equal to Lessor’s cost therefor, provided that such changes to the Infrastructure Standards were reviewed by the Dealer Board and are used by all users of the Licensed System. Further, Lessor may or may not, at its option, repair or replace any verifiable non-conformities in the Licensed Software programs such that these programs conform to the documentation of the Licensed System and provide those repairs or replacements to Licensee without additional charge. Also, Lessor will provide consultation by telephone to assist Licensee to resolve difficulties of Licensee related to the use of the Licensed Software. The maintenance services contemplated by this paragraph will be provided generally from 9 a.m. to 5 p.m., Eastern Daylight Time, Monday through Friday, excluding holidays.

b. Licensee shall designate an appropriate and knowledgeable person to serve as Licensee’s liaison with Lessor and through whom all contacts and questions shall be presented to Lessor. Lessor shall not be obligated to provide information or answer inquiries from Licensee except through this liaison person.

c. If Licensee requests on-site assistance from Lessor, and Lessor agrees that such on-site assistance is reasonably necessary, Licensee will additionally pay Lessor’s travel, the then current Custom Support Fee charged by Lessor, and other related business expenses actually incurred in the performance of such services. These expenses will be invoiced separately other fees, and payment shall be due in full from Licensee within thirty (30) days of the date of invoice.

d. In the event that Licensee or any third party makes any unauthorized changes, modifications, enhancements, or improvements to the Licensed System, Lessor shall be relieved of its obligations to provide services under this Agreement for any portions of the Licensed System that have been effected, directly or indirectly, by such changes, modifications, enhancements, or improvements. Such unauthorized alterations in the Licensed System and/or Licensee’s default of any of its obligations under this Agreement shall be grounds for termination by Lessor of this Agreement for cause according to the provisions of Section 24 of the Agreement.

e. If Licensee requests assistance from Licenser, and Licenser in its sole judgment determines the assistance is beyond reasonable and customary assistance provided under this Agreement, the Licenser will advise the Licensee that the then current Custom Support Fee will apply. The Licenser will provide the assistance only after the Licensee agrees in writing to the Licenser to pay for such services. These expenses will be invoiced separately from other fees, and payment shall be due in full from Licensee within thirty (30) days of the date of invoice.

17. Disclaimer of Warranties. THE LIMITED WARRANTY IN SECTION 15 IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL AND/OR CONSEQUENTIAL DAMAGES TO LICENSEE OR ANY THIRD PARTY OCCURRING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE LICENSED SYSTEM OR ITS SERVICES UNDER THIS AGREEMENT, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH INCIDENTAL AND/OR CONSEQUENTIAL DAMAGES. FURTHER, LICENSOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES OF ANY TYPE OF NATURE, EXCEPT AS PROVIDED IN SECTIONS 20 AND 21 BELOW. LICENSOR MAKES NO REPRESENTATIONS OR WARRANTIES THAT THE SERVICES SHALL BE UNINTERRUPTED. LICENSOR SHALL NOT BE RESPONSIBLE FOR ANY LOSS OF PROFITS, ANY INDIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM DAMAGE TO DATA, OR DAMAGES DUE TO HACKING OR AN EMPLOYEE OF LICENSEE DAMAGING DATA/SYSTEM, OR ANY DAMAGES DUE TO OPERATION OF THE THIRD PARTY SOFTWARE, EVEN IF LICENSOR HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

18. Retail Installment Sales and Security Contracts. LICENSOR MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE VALIDITY, ACCURACY, APPROPRIATENESS, USEFULNESS OR OTHER ASPECTS OR CHARACTERISTICS OF ANY RETAIL INSTALLMENT SALES AND SECURITY CONTRACT CREATED BY LICENSEE USING THE LICENSED SYSTEM.

19. Limited Remedies.

a. Except as provided in this paragraph, Licensee's sole remedy for a breach of the warranty of the Licensed System provided in Section 15 is limited to the remedy provided in that Section. If, thirty (30) days after the giving of the required notice described in Section 15, the non-conformity of the Licenser Software remains uncured and Licenser has not provided an alternative procedure, then Customer may terminate this Agreement by written notice given within ten (10) days after the end of the cure period. Notwithstanding any other provision of this Agreement to the contrary, if Licensee terminates the Franchise Agreement upon final determination by a court of the Licenser's breach of the Franchise Agreement or this Agreement, (a) Licenser shall hold implementation of the provisions of Sections 17.1.D.E.F.G.H and 17.2 of the Franchise Agreement in abeyance for such reasonable period as is necessary, not to exceed ninety (90) days, for Licensee to implement a transition of its business to new systems, new signage etc. all without charge therefor and the restrictions of Section 18.1 and 18.2 of the Franchise Agreement shall be inapplicable and (b) Licenser shall promptly make available to Licensee (upon

such media and in such form or format as reasonably determined by Licensor) any and all information needed to permit Licensee (or its assignee) to collect its receivables and otherwise engage in an orderly transfer, transition or wind down of Licensee's business. Upon the Licensee returning the Licensed System to Licensor under the terms stated in Section 25 of this Agreement, Licensor shall return all fees covered by **Appendix B** and actually paid by the Licensee to Licensor and Licensor shall have no further obligations to Licensee.

b. Licensee's sole remedy for any failures of Licensor under Section 16 is, thirty (30) days after detailed written notice of the breach has been provided to Licensor and the breach remains uncured, to terminate this Agreement by written notice given within ten (10) days after the end of the cure period and have returned to it the fees actually paid by the Licensee to Licensor for the sixty (60) days preceding the date of termination.

c. The obligations of Licensor under this paragraph are the Licensee's sole remedy for any violation of Licensor's obligations under Sections 5 and 14. To the extent that any Customer Data must be corrected, recreated, restored or reprocessed due to any fault or negligence of Licensor, its employees or agents, or due to operation of Licensor Software, or due to a breach by Licensor of any of its warranties hereunder, Licensor will be responsible for the cost of taking commercially reasonable efforts to correct, recreate, restore or reprocess the data at no cost to Licensee. Both parties agree to fully cooperate with one another to effectuate the prompt correction, recreation, restoration or reprocessing of any Customer Data.

d. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 21, LICENSOR AND ITS THIRD PARTY LICENSORS SHALL NOT BE RESPONSIBLE FOR ANY CLAIMS AGAINST LICENSEE BY ANY OTHER PARTY NOR, EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION, SHALL LICENSOR OR ITS THIRD PARTY LICENSORS BE LIABLE FOR ANY LOSS OF PROFITS, INTERRUPTION OF BUSINESS, NON-AVAILABILITY OF THE LICENSED SYSTEM OR THE SERVICES UNDER THIS AGREEMENT, LOSS OF DATA, OUT-OF-POCKET EXPENSES OR ANY OTHER DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, HOWEVER CAUSED, WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, WARRANTY, STATUTORY RIGHTS OR ANY OTHER BASIS ARISING OUT OF LICENSEE'S USE OF THE LICENSED SYSTEM, THE MARKETING, DELIVERY OR SUPPORTING THEREOF, OR OTHERWISE ARISING PURSUANT TO THIS AGREEMENT.

20. Limitation of Liability. LICENSOR'S AGGREGATE LIABILITY TO LICENSEE FOR ANY CAUSE WHATSOEVER IS LIMITED TO AN AMOUNT EQUAL TO THE FEES COVERED BY **APPENDIX B** AND ACTUALLY PAID BY LICENSEE FOR USE OF THE LICENSED SYSTEM DURING THE THEN MOST RECENT 12 MONTH PERIOD OF TIME PRECEDING THE DATE OF THE EVENT (OR, IF MORE THAN ONE EVENT, THE FIRST EVENT) GIVING RISE TO THE LIABILITY.

21. Intellectual Property Indemnification. Licensor, at its own expense, shall defend any and all claims, actions and causes of actions brought against Licensee to the extent that it is based on a claim that the Licensed System infringes a patent, copyright, or intellectual or industrial property right of any person, firm, or corporation not a party to this Agreement, provided

that (a) Licensee promptly notifies Licensor of any potential or threatened claims and the commencement of any such legal action, (b) Licensee has not by any act of commission or omission prejudiced Licensor's ability to successfully defend such litigation, and (c) Licensor shall have exclusive control of the defense to such legal action and of all negotiations for settlement or compromise. If these conditions are met, Licensor shall indemnify and hold Licensee harmless with respect to all costs and damages actually awarded against Licensee arising out of such legal action, subject to the limitations of Section 20. In the event that the Licensed System becomes, or in Licensor's opinion is likely to become, the subject of a claim of infringement of a patent, copyright, or other intellectual or industrial property right of any person, firm or corporation not a party to this Agreement, Licensor may, at its option, either secure Licensee's right to continue using the Licensed System, replace or modify the Licensed System so as to make it non-infringing without materially impairing the Licensed System's utility, or, if neither of these alternatives is reasonably available to Licensor, terminate this Agreement upon one (1) month's written notice. In the event that Licensor elects to so terminate this Agreement to avoid infringement within twelve (12) months of delivery of the Licensed system to Licensee, then Licensor shall refund to Licensee the price paid for usage, login, and security rights to the software under this Agreement according to the percentage of days within that twelve (12) month period that Licensee did not have access to the Licensed System. If, however, Licensee notifies Licensor in writing during the one (1) month after Licensor's notice of termination under this Section that Licensee elects to continue to be licensed with respect to the Licensed System, then Licensee shall undertake, at Licensee's expense, the defense of any such legal action against Licensee and/or Licensor arising from Licensee's use of the Licensed System and shall indemnify and hold Licensor harmless with respect to all costs, damages, and attorney fees actually incurred and attributable to such continued use or further defense of said legal action after such notice is given to Licensor. Licensor shall have no liability to Licensee if the alleged infringement is based upon a use other than of a current, unaltered version of the Licensed System available from Licensor or upon a use or combination of the Licensed System with programs or data not supplied by Licensor. The foregoing states the entire liability of Licensor with respect to infringement.

22. Licensee's Indemnification. The Licensed System permits the Licensee to create its own retail installment sales and security contracts for which Licensee is solely responsible. Licensee is solely responsible for its use, preparation and transmission of Customer Data and the accuracy of Customer Data, or any other aspect, including, for example, Annual Percentage Rate Calculations, of any retail installment sales and security contract created by Licensee through its use of the Licensed System. Licensee shall indemnify and hold Licensor harmless against claim, action, or cause of action which arises from the use of the Licensed System by Licensee under this Agreement including, but not limited to, attorneys fees actually incurred, costs, expenses, damages, judgments, awards, and penalties, provided that the same does not arise solely from Licensor's negligence or willful misconduct. Further, Licensee shall be liable to Licensor and any affected franchisee of Licensor for any damages, direct or consequential, caused by any use of the Licensed System by Licensee that has not been approved by Licensor in writing. Further, Licensee shall be liable to Licensor and any affected franchisee of Licensor for any damages, direct or consequential, caused by a third party's activities which result from Licensee's use of the Licensed System in any manner which has not been approved by Licensor in writing.

23. Injunction. If Licensee attempts to use, copy, license or convey the Licensed System or any portion thereof or any copies thereof in a manner contrary to the terms of this

Agreement, Licensor shall have, in addition to any other remedy, the right to injunctive relief. Licensee hereby acknowledges that other remedies are inadequate.

24. Termination. This Agreement shall automatically and without notice expire or terminate concurrently with the expiration or termination of the Franchise Agreement. In addition, if, at any time, Licensee defaults in the performance of any of its obligations under this Agreement and such default is not corrected within ten (10) days after Licensor has given Licensee written notice specifying such default, in addition to any other remedies that it may have, Licensor shall have the right to terminate this Agreement for cause by giving written notice of termination to Licensee, and this Software License Agreement shall then immediately terminate. Termination shall not relieve either party of its pre-existing obligations under this Agreement. Upon initiation of any bankruptcy or receivership proceedings by or against Licensee, or upon execution of a deed of trust or assignment for the benefit of creditors or any other transfer or assignment of a similar nature by Licensee, Licensor reserves the right to terminate this Agreement immediately or at any time thereafter.

Except as provided in Section 19(a) above, upon termination of this Agreement, Licensor shall not have any obligation to refund any fees paid to it by Licensee for use of the Licensed System.

Licensee further acknowledges and agrees that Licensor may terminate this Agreement or suspend Licensee's access to and use of the Licensed Software and Licensed Documentation under and as described in Section 17.2 of the Franchise Agreement.

25. Cease Use of the Licensed System. Immediately upon termination of the Agreement, Licensee shall cease all use, and make no further use, in whole or part, of the Licensed System.

26. Infringement. Licensee shall promptly notify Licensor in writing of potential or threatened infringement of Licensor's proprietary rights in the Licensed System by any person, firm, or corporation not a party to this Agreement of which Licensee becomes aware during the term of this Agreement.

27. Shipment. All risk of loss or damage to the Licensed System after it is received by Licensee shall be borne by Licensee. Licensee shall pay the shipping and handling charges for delivery of the Licensed System or any hardware procured by Licensor for Licensee under this Agreement.

28. Program Services. Nothing in this Agreement shall be construed to imply that Licensor has any additional obligation to furnish any additional services or material other than those specifically indicated herein.

Licensee agrees that Licensor shall own and have the right to make, use, sell or license to others the Licensed System and any improvements to the Licensed System or any new Licensed System developed by Licensor as a result of any program services to Licensee under this or any other agreement with Licensor relating to the Licensed System.

29. Hardware Purchase and Warranty Disclaimer. Solely as an accommodation to Licensee, Licensor agrees to obtain on Licensee's behalf the computer hardware and equipment specified in **Appendix A** hereto and to provide that hardware and equipment to Licensee at Licensee's cost set forth in **Appendix B** for Licensee's use with the Licensed System. Licensee acknowledges Licensor does not manufacture any of that hardware and equipment. LICENSOR PROVIDES NO WARRANTY WHATSOEVER FOR ANY HARDWARE OR EQUIPMENT PROVIDED TO LICENSEE. THAT HARDWARE AND EQUIPMENT IS PROVIDED BY LICENSOR STRICTLY AS IS. The original manufacturer of that hardware and equipment may, however, provide warranties that may be passed through or otherwise available to Licensee. If so, Licensor will assist Licensee in obtaining any such warranties for Licensee's benefit and use. Licensee shall not, however, hold Licensor responsible in any way for any defects or damage in the hardware or equipment not caused solely by Licensor's intentional misconduct.

30. Notices. All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered at the time delivered by hand, one (1) business day after sending by telecopy or comparable electronic system or via overnight courier or two (2) business days after placed in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party's principal offices first above written or at its most current principal business address of which the notifying party has been notified.

31. Assignment and Sublicense. This Agreement and any of Licensee's rights with respect to use of the Licensed System is personal in nature and may not be assigned, sublicensed, used to provide business services at any location other than designated in **Appendix C** of this Agreement, or otherwise transferred by Licensee without prior written consent from Licensor.

32. Benefit. This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors in the interest and permissible assigns of the parties to this Agreement.

33. Taxes. Licensee shall pay all sales, property, excise, use and other federal, state or local taxes and charges hereinafter due and payable by reason of this Agreement or the Licensed System or its use or possession of the same by Licensee. If a certificate of exemption or similar document is to be used in order to exempt Licensee from such liability, Licensee shall furnish a copy of such certificate or document to Licensor upon request.

34. Severability. If any portion of this Agreement is found to be invalid or unenforceable, such portion of the Agreement shall be narrowed to the extent necessary to make it valid and enforceable. If any portion of this Agreement cannot be so narrowed, the remaining portions of this Agreement shall remain in full force and effect and shall continue to be binding upon the parties.

35. Waiver. Failure of either party to this Agreement to exercise any of its rights under this Software License Agreement in a particular instance shall not be construed as a waiver of those rights or any other rights under this Agreement for any purpose.

36. Resolution of Disputes. The parties agree that all controversies, disputes or claims arising out of or related to this Agreement, the relationship between Licenser and Licensee and the validity of this Agreement must be submitted for binding arbitration in accordance with Section 19.1 of the Franchise Agreement, the provisions of which are incorporated and adopted herein, in their entirety, as though copied *in extenso*.

37. Adoption and Incorporation of Certain Provisions of the Franchise Agreement. The parties hereby agree that the following provisions which are set forth in the Franchise Agreement shall have equal applicability to and under this Agreement, to-wit: Section 20.5 (Governing Law), Section 20.6 (Choice of Forum), Section 20.7 (Jury Trial Waiver), Section 20.8 (Punitive Damage Waiver), Section 20.9 (Limitation of Actions), Section 20.12 (Attorneys' Fees), and Section 20.18 (Compliance with Anti-Terrorism Laws). Each of the foregoing provisions are copied herein and adopted by the parties to this Agreement in their entirety.

38. Delay. Licenser shall not be deemed to be in default of any provision of this Agreement or for failures in performance under this Agreement resulting from acts or events beyond the reasonable control of Licenser, including, but not limited to, delays in transportation, storms, extreme weather conditions, fire, explosion, flood, strike, riot, war, mobilization, civil unrest, import or export circumstances, failure or unavailability of communications, power or telephone lines, supplies or service, delay in delivery, failure or malfunction of equipment or of software not directly supplied and supported by Licenser, or other similar catastrophes, or other acts of God.

39. Export Control. Software, including technical data, is subject to U.S. export control laws, including the U.S. Export Administration Act and its associated regulations, and may be subject to export or import regulations in other countries. Specifically, the Licensed Software may not be exported or re-exported (a) into any U.S. embargoed countries or (b) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Department of Commerce Denied Person's List or Entity List. The Franchisee may not use the Licensed Software in violation of this Agreement or in violation of United States law, including laws which prohibit, without limitation, the development, design, manufacture or production of nuclear, missiles, or chemical or biological weapons.

40. Amendment. No one has authority to amend this Agreement on behalf of Licensor except an officer of Licensor in writing.

BYRIDER FRANCHISING PARTNERS, «Name\_of\_Franchisee», «Entity\_Type»  
LLC (“Licensor”) (“Licensee”)

Signature: \_\_\_\_\_  
Michael J. Onda, CEO

Signature: \_\_\_\_\_  
«Signatory»«Signatory\_Title»

Date: «Month» «Day», «Year»

Date: «Month» «Day», «Year»

## **EXHIBIT 1**

### **INFRASTRUCTURE STANDARDS**

Infrastructure Standards are designed to include hardware, software, or networking changes that create major benefits for the franchise. In some instances, these changes from the existing standards may be considerable, and therefore, possibly costly in monetary and/or other resources for the franchise system. Infrastructure Standards require that the standard be adopted by everyone within the franchise system without exception.

Some past examples of major Infrastructure Standard changes include the centralization of servers to the corporate facility and the change from frame-relay networking to Internet based connections. No current changes to Infrastructure Standards are being considered or anticipated, but a few theoretical examples can be discussed for illustrative purposes. The wide range of reasons and needs that would involve a change to Infrastructure Standards precludes any chance to define a range of costs that may be involved.

Example 1: If the Internet were to become unstable or insecure for business processes in some way, it would be necessary to consider a different network topology. This drastic change would require franchisees and corporate to acquire new network services, and probably invest in new networking technology. Requiring this change would be an Infrastructure Standard.

Example 2: If a fundamental software component from a vendor had a significant cost increase and no reasonable alternative existed to avoid the cost, this would be considered a change to an Infrastructure Standard.

Example 3: A legal requirement develops where compliance requires new software or hardware expense. The implementation costs may be considered changes to Infrastructure Standards.

Example 4: The danger of viruses and other malware reaches a point where the current suggestion that all PC's have active antivirus software installed, needs to become an absolute requirement. This change would be an Infrastructure Standard change.

## APPENDIX A

### Licensee Technology System Requirements Per Location

#### Example as of January 2025:

Your requirements and specifics may vary. Quantity and exact model types will be determined on a case-by-case basis. Typical items and quantities are stated below. All prices are approximate and subject to change. All costs are U.S. dollars.

Required Items	Quantity	Approximate Cost
Business-class Internet connection (25 Mbps minimum)	1 or 2	Varies by service and location
Google Gemini	2 licenses per location	\$260.64 per license annually
Google Access and Services *	Per active user	\$129.36 annually
Remote VPN Software	Each user	\$350 per location

\*This item is billed each month (\$10.78) and is a required maintenance fee.

## APPENDIX B

### License Fees

Initial Fee: N/A

Data Conversion Fee: N/A

Monthly Usage Fee: \$0.00

Custom Support Fee: \$0.00

### Recurring Fees:

Costs are representative as of January 2025.

Credit/Debit Card per transaction fee of \$0.27 - \$0.38.

Moneygram per transaction fee of \$1.00.

Notice of Incompleteness: \$1.00 - \$1.35 per consumer letter, billed monthly.

Notice of Adverse Action: \$1.00 - \$1.35 per notice, billed monthly (optional).

Notice of Risk Based Pricing: \$1.00 - \$1.35 per notice, billed monthly (optional).

Collection Letters: \$1.00 - \$1.35 per letter, billed monthly (optional).

Maintenance Fee to Third Party Vendors: [to be determined]

## APPENDIX C

### Licensed Location

<u>Street Address:</u>	«C_Street»
City:	«C_City»
County:	«C_County»
State/Province:	«C_State»
Country:	«C_Country»

**EXHIBIT E**  
**TO FRANCHISE AGREEMENT**

**BYRIDER FRANCHISING PARTNERS, LLC**

**DISCLOSURE ACKNOWLEDGMENT STATEMENT**

BYRIDER FRANCHISING PARTNERS, LLC (“Franchisor”), through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights (“Franchisee”), fully understands and comprehends that the purchase of a BYRIDER sales finance franchise is a business decision, complete with its associated risks, and (b) that Franchisee is not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by the Franchisor. In that regard, the undersigned acknowledges that:

1. The Franchisee recognizes and understands that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including, among other things, the skills and abilities of the Franchisee, the hours worked by the Franchisee, competition, interest rates, the economy, inflation, business location, operation costs, lease terms and costs and the market place. The Franchisee hereby acknowledges its awareness of and willingness to undertake these business risks.

2. The Franchisee acknowledges receipt of the Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”). The Franchisee acknowledges that it has had the opportunity to personally and carefully review these documents. Furthermore, the Franchisee has been advised to seek professional assistance, to have professionals review the documents and to consult with other franchisees regarding the risks associated with the purchase of the franchise.

3. The Franchisee agrees and states that the decision to enter into this business risk is in no manner predicated upon any oral representations, assurances, warranties, guarantees or promises made by the Franchisor or any of its officers, employees or agents (including any franchise broker) as to the likelihood of success of the franchise. Except as contained in the Franchisor’s FDD, the Franchisee acknowledges that it has not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted franchise sales, profits or earnings. If the Franchisee believes that it has received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the FDD, please describe these in the space provided below or write “None.”

---

---

---

The Franchisee further acknowledges that the President of the United States of America has issued Executive Order 13224 (the “Executive Order”) prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly or indirectly involved in terrorism. For that reason, the Franchisee hereby certifies that neither it nor any of its employees, agents, or representatives, nor any other person or entity associated with the Franchisee, is:

- i. a person or entity listed in the Annex to the Executive Order;
- ii. a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- iii. a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- iv. owned or controlled by terrorists or sponsors of terrorism.

The Franchisee further covenants that neither it nor any of its employees, agents, or representatives, nor any other person or entity associated with the Franchisee, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this «Day» day of «Month», «Year».

**FRANCHISEE:**

Sign here if you are taking the franchise as an

**INDIVIDUAL(S)**

---

Signature

Print Name: «Signatory»

Sign here if you are taking the franchise as a  
**CORPORATION or LIMITED LIABILITY  
COMPANY**

---

Print Name of Legal Entity

By: \_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXHIBIT F**

**TO FRANCHISE AGREEMENT**

**BYRIDER FRANCHISING PARTNERS, LLC**

**REQUIRED LEASE ADDENDUM**

TO LEASE AGREEMENT DATED \_\_\_\_\_  
BY AND BETWEEN

\_\_\_\_\_, AS "LANDLORD"  
AND

\_\_\_\_\_, AS "TENANT" FOR THE DEMISED  
PREMISES ("PREMISES") DESCRIBED THEREIN

---

This Rider and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a Byrider business at the Premises, and that Tenant's rights to operate a Byrider business and to use the Byrider® name, trademarks and service marks are solely pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Byrider Franchising Partners, LLC ("Franchisor"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of the Franchise Agreement due to Franchisee's breach or termination of the Franchise Agreement by Franchisee without cause, or Franchisor's exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises. Without limitation of uses permitted under the Lease, but in expansion thereof, Tenant shall have the right to use the Premises for purposes of operating a business offering used vehicles and, in connection therewith, financing services, under the Byrider name and marks.

3. Compliance of Premises With Applicable Law; Parking. Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law, including without limitation parking sufficient to comply with the use of the Premises as provided in paragraph 2 above. Tenant shall have the right to use parking spaces for its guests, invitees and employees in an amount at least sufficient to comply with applicable zoning and other laws. The use of the parking spaces is provided by Landlord to Tenant without additional charge.

4. Radius/Relocation. Any radius restrictions or relocation provisions found in the Lease are hereby deleted and of no further force or effect.

5. Tenant's Signage. Notwithstanding anything in the Lease contained to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

5.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

5.2 Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

6. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have ten (10) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) ten (10) days after Franchisor's receipt of such notice as to monetary defaults or (ii) 30 days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Byrider Franchising Partners, LLC  
Attention: Legal Department  
12802 Hamilton Crossing Blvd.  
Carmel, Indiana 46032

7. Non-disturbance from Mortgage Lenders. Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to paragraph 6 immediately above).

***CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE a) BELOW WILL BE APPLICABLE, AND CLAUSE b) BELOW WILL BE DEEMED DELETED***

A)  Landlord represents and warrants that on the date hereof no mortgage, deed of trust, deed to secure debt or similar encumbrance encumbers the Premises.

B)  A mortgage, deed of trust or deed to secure debt currently encumbers the Premises. It is a condition precedent to Tenant's obligations under this Lease that the holder of such encumbrance enter into a written subordination and non-disturbance agreement with Tenant, in form acceptable to Franchisor.

8. Third Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

9. Franchisor Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the assets). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of Tenant's business as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Byrider name or trademarks, service marks or other commercial symbols of Franchisor.

10. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

11. Copy of Lease. Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Landlord and Tenant to the address shown in paragraph 6 above.

12. Counterparts. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

13. Compliance with Lease Obligations. Nothing in this Addendum shall nullify Tenant's obligation to pay timely rent and comply with all other terms and conditions of the lease.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

**LANDLORD:** \_\_\_\_\_

**TENANT:** \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

**TO FRANCHISE AGREEMENT**

**BYRIDER FRANCHISING PARTNERS, LLC**

**AFFILIATED ENTITY JOINDER**

\_\_\_\_ (“Affiliate”), an affiliate of «Name of Franchisee», «Entity Type» (“Franchisee”), acknowledges and agrees that it is the owner of the real estate located at \_\_\_\_\_ (“Business Location”) and that it has leased the Business Location to Franchisee for the operation of a Byrider business pursuant to that certain Franchise Agreement dated «Month» «Day», «Year» by and between Byrider Franchising Partners, LLC (“Franchisor”) and Franchisee (the “Franchise Agreement”). Affiliate agrees that upon termination of the Franchise Agreement by Franchisor due to Franchisee’s breach or termination by Franchisee without cause prior to the scheduled expiration of this Agreement according to 5.1 herein, and upon written request of Byrider Franchising Partners, LLC, Affiliate will lease the Business Location to Franchisor or its designee at fair market rent for the operation of a Byrider business for a term of two (2) years. Affiliate acknowledges and agrees that nothing contained herein shall obligate Franchisor to lease the Business Location.

**AFFILIATE:** \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H**  
**TO FRANCHISE AGREEMENT**  
**BYRIDER FRANCHISING PARTNERS, LLC**  
**OWNER'S JOINDER**

In consideration of, and as a condition to, the grant by BYRIDER FRANCHISING PARTNERS, LLC (“Company”) to «Name of Franchisee», «Entity Type» (“Franchisee”) of the franchise rights set forth in that certain Franchise Agreement, the undersigned owners of Franchisee hereby agree to be personally bound by the provisions of this Agreement applicable to them, including those contained in Section 7.16 (Confidential Information), Article XIV (Transfer of Franchise), Article XVIII (Covenant Not to Compete), Article XIX (Arbitration).

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

## **AFFIDAVIT OF OWNERSHIP**

I, «Signatory», being first duly sworn upon my oath, depose and say:

1. That I am «Signatory Title» for «Name of Franchisee», «Entity Type» ("Franchisee") and «Signatory Title» for «CoFranchisee» ("Co-Franchisee") and have direct access to the ownership records of Franchisee and Co-Franchisee.
2. That the current stockholders/members for Franchisee and Co-Franchisee are as shown below:

A. Franchisee: «Name of Franchisee», «Entity Type»

	<u>Stockholder/Member</u>	<u>% Ownership</u>		<u>Stockholder/Member</u>	<u>% Ownership</u>
1)	_____	_____ %	6)	_____	_____ %
2)	_____	_____ %	7)	_____	_____ %
3)	_____	_____ %	8)	_____	_____ %
4)	_____	_____ %	9)	_____	_____ %
5)	_____	_____ %	10)	_____	_____ %

B. Co-Franchisee: «CoFranchisee»

1)	_____	_____ %	6)	_____	_____ %
2)	_____	_____ %	7)	_____	_____ %
3)	_____	_____ %	8)	_____	_____ %
4)	_____	_____ %	9)	_____	_____ %
5)	_____	_____ %	10)	_____	_____ %

3. That I will notify Byrider Franchising Partners, LLC, attn. Legal Dept., prior to any changes of ownership.

Further affiant saith not.

DATED this «Day» day of «Month», «Year».

\_\_\_\_\_  
Affiant, «Signatory»

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_, SS:

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

County of Residence: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**BYRIDER AND CNAC OPERATIONS**

**LEGAL NAME REQUIREMENTS**

**THE LEGAL NAMES YOU CREATE FOR OPERATING YOUR BYRIDER AND CNAC ENTITIES SHALL BE AS FOLLOWS OR SIMILAR:**

BYRIDER ENTITY: [your initials] Automotive  
CNAC ENTITY: [your initials] Finance

**FOR EXAMPLE:**

**JBH Automotive, LLC  
JBH Finance, LLC**

**EXHIBIT C**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

## **AREA DEVELOPMENT AGREEMENT (Traditional Franchisee)**

This Area Development Agreement (this "Agreement") is made and entered into as of \_\_\_\_\_ (the "Effective Date"), by and between Byrider Franchising Partners, LLC ("Company" or "we" or "us") and \_\_\_\_\_ ("Franchisee" or "you").

### **RECITALS**

A. Company and Franchisee entered into that certain franchise agreement dated \_\_\_\_\_ (the "Initial Franchise Agreement"), pursuant to which Franchisee undertook the obligation to own and operate Franchisee's Business. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Initial Franchise Agreement.

B. Franchisee would like the option to acquire additional franchises to develop and operate Businesses, and Company agrees to grant Franchisee such rights subject to the terms and conditions in this Agreement.

### **AGREEMENT**

1. Exclusive Development Area. Subject to the provisions of this Area Development Agreement, Franchisee shall have the exclusive right to purchase Byrider franchises to be located within \_\_\_\_\_ (collectively, the "Exclusive Development Area"); provided, however, Company reserves and retains the right, but shall not be obligated, to:

- (i) Establish, operate and franchise a business offering and selling products and/or services which may be the same as or similar to the products and services offered by the Business under any trade names, trademarks, service marks or logos other than the Marks;
- (ii) Use or license the use of the Marks to any business located outside of the Exclusive Development Area;
- (iii) Acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by Franchisee at Businesses located within the Exclusive Development Area, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating;
- (iv) Be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Franchisee at Businesses located within the Exclusive Development Area, or by another business; and
- (v) Engage in all other activities not expressly prohibited by this Agreement.

Initial Protected Territory. Franchisee's initial Protected Territory ("Initial Protected Territory") for each franchise opened pursuant to this Area Development Agreement shall be as follows:

<u>City Location</u>	<u>Initial Protected Territory</u>
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location

2. Development Schedule. Both parties acknowledge and agree that a material provision of this exclusive right is that the following number of franchises must be opened by Franchisee and continuously operating in the Exclusive Development Area during the term of this Area Development Agreement in accordance with the following development schedule:

<u>Required Franchises</u>	<u>Opening Date</u>	<u>City Location*</u>
1st franchise:	Within 1 year after the date of this Area Development Agreement	Within Exclusive Development Area
2nd franchise:	Within 3 years after 1 <sup>st</sup> franchise opening date	Within Exclusive Development Area
3rd franchise:	Within 2 years after 2 <sup>nd</sup> franchise opening date	Within Exclusive Development Area
4th franchise:	Within 2 years after 3 <sup>rd</sup> franchise opening date	Within Exclusive Development Area

\*The site for each location must be approved by the Company prior to Franchisee securing each site.

A. Reasonableness of Development Schedule. The Franchisee approves of the foregoing development schedule as being reasonable and viable, and recognizes the development schedule is necessary to insure acceptable Byrider development of the Exclusive Development Area.

B. Initial Franchise Fee. The initial franchise fees are as follows:

1.	1st franchise:	\$60,000.00
2.	2nd franchise:	\$35,000.00
3.	3rd franchise:	\$35,000.00
4.	4th franchise:	<u>\$35,000.00</u>

Total fee: \$165,000.00

C. Payment Upon Closing. In conjunction with the execution of this Area Development Agreement, Franchisee shall pay to the Company \$112,500.00, which represents the Initial Franchise Fee of \$60,000.00 for the 1st franchise and a Development Fee of \$17,500.00 for each of the 2nd-4th franchises. The Development Fee of \$17,500.00 for each franchise shall be applied toward the Initial Franchise Fee for each of the 2nd-4th franchises, respectively, developed under the terms of this Area Development Agreement. The remaining \$17,500.00 due for each of the 2nd-4th franchises shall be paid upon Franchisee's execution of the franchise agreement for the particular franchise. All fees paid under this Area Development Agreement are nonrefundable.

D. Franchise Agreements. At least sixty (60) days prior to opening the second and each succeeding franchise, Franchisee shall sign a then-current franchise agreement.

E. Development Schedule Extension Fee. If Franchisee is unable to develop a Business in accordance with the Development Schedule required under this Agreement, Franchisee may request, and the Company may grant Franchisee a six-month extension and charge Franchisee an extension fee, instead of terminating this Agreement. Franchisee must pay the Company \$5,000 per extension, which is paid in a lump sum, due when Franchisee's request is submitted, and is nonrefundable.

3. Use of Marks. Franchisee acknowledges and agrees that the development rights provided in this Agreement do not include any rights or license to use the System, Marks or other intellectual property while exercising Franchisee's development rights. Any and all rights to use the System, the Marks or other intellectual property will come only from the franchise agreements that Franchisee (or its affiliates) signs to operate Businesses.

4. No Subfranchising Rights. This Agreement does not give Franchisee any right to license others to operate Businesses. Only Franchisee or its affiliates that sign franchise agreements with Company may open and operate Businesses.

5. Termination. Company may terminate this Agreement, effective immediately upon delivery of termination notice to Franchisee, if any of the following occurs: (i) Franchisee breaches any of the terms of this Agreement at any time; (ii) Franchisee (or any of its affiliates) has made any material misrepresentation or omission on any application, report, claim, financial statement or similar document submitted to Company in connection with acquiring the development rights hereunder or any franchise rights; or (iii) any franchise agreement executed by Franchisee or any of its affiliates for the operation of a Business is terminated for any reason, including without limitation, the Initial Franchise Agreement.

6. No Assignability. This Agreement and all related rights are not assignable by Franchisee without Company's prior written consent.

7. Miscellaneous. This Agreement is incorporated into and made a part of the Initial Franchise Agreement by this reference. To the extent of any inconsistency between the Initial Franchise Agreement and this Agreement, the terms of this Agreement shall control. All matters arising under the terms of this Agreement will be governed by the rules of construction and dispute resolution under the Initial Franchise Agreement. This Agreement may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. The

parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

8. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

Byrider Franchising Partners, LLC

By \_\_\_\_\_  
Michael J. Onda, CEO \_\_\_\_\_

\_\_\_\_\_  
Date

# AREA DEVELOPMENT AGREEMENT (Ultra Franchisee)

This Area Development Agreement (this "Agreement") is made and entered into as of \_\_\_\_\_ (the "Effective Date"), by and between Byrider Franchising Partners, LLC ("Company" or "we" or "us") and \_\_\_\_\_ ("Franchisee" or "you").

## RECITALS

A. Company and Franchisee entered into that certain franchise agreement dated \_\_\_\_\_ (the "Initial Franchise Agreement"), pursuant to which Franchisee undertook the obligation to own and operate Franchisee's Business. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Initial Franchise Agreement.

B. Franchisee would like the option to acquire additional franchises to develop and operate Businesses, and Company agrees to grant Franchisee such rights subject to the terms and conditions in this Agreement.

## AGREEMENT

1. Exclusive Development Area. Subject to the provisions of this Area Development Agreement, Franchisee shall have the exclusive right to purchase Byrider franchises to be located within \_\_\_\_\_ (collectively, the "Exclusive Development Area"); provided, however, Company reserves and retains the right, but shall not be obligated, to:

- (i) Establish, operate and franchise a business offering and selling products and/or services which may be the same as or similar to the products and services offered by the Business under any trade names, trademarks, service marks or logos other than the Marks;
- (ii) Use or license the use of the Marks to any business located outside of the Exclusive Development Area;
- (iii) Acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by Franchisee at Businesses located within the Exclusive Development Area, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating;
- (iv) Be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Franchisee at Businesses located within the Exclusive Development Area, or by another business; and
- (v) Engage in all other activities not expressly prohibited by this Agreement.

Initial Protected Territory. Franchisee's initial Protected Territory ("Initial Protected Territory") for each franchise opened pursuant to this Area Development Agreement shall be as follows:

<u>City Location</u>	<u>Initial Protected Territory</u>
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location
_____ :	_____ -mile radius surrounding the Business Location

2. Development Schedule. Both parties acknowledge and agree that a material provision of this exclusive right is that the following number of franchises must be opened by Franchisee and continuously operating in the Exclusive Development Area during the term of this Area Development Agreement in accordance with the following development schedule:

<u>Required Franchises</u>	<u>Opening Date</u>	<u>City Location*</u>
1st franchise:	Within 1 year after the date of this Area Development Agreement	Within Exclusive Development Area
2nd franchise:	Within 3 years after 1 <sup>st</sup> franchise opening date	Within Exclusive Development Area
3rd franchise:	Within 2 years after 2 <sup>nd</sup> franchise opening date	Within Exclusive Development Area
4th franchise:	Within 2 years after 3 <sup>rd</sup> franchise opening date	Within Exclusive Development Area

\*The site for each location must be approved by the Company prior to Franchisee securing each site.

A. Reasonableness of Development Schedule. The Franchisee approves of the foregoing development schedule as being reasonable and viable, and recognizes the development schedule is necessary to insure acceptable Byrider development of the Exclusive Development Area.

B. Initial Franchise Fee. The initial franchise fees are as follows:

1.	1st franchise:	\$60,000.00
2.	2nd franchise:	\$40,000.00
3.	3rd franchise:	\$40,000.00
4.	4th franchise:	\$40,000.00

Total fee: \$180,000.00

C. Payment Upon Closing. In conjunction with the execution of this Area Development Agreement, Franchisee shall pay to the Company \$120,000.00, which represents the Initial Franchise Fee of \$60,000.00 for the 1st franchise and a Development Fee of \$20,000.00 for each of the 2nd-4th franchises. The Development Fee of \$20,000.00 for each franchise shall be applied toward the Initial Franchise Fee for each of the 2nd-4th franchises, respectively, developed under the terms of this Area Development Agreement. The remaining \$20,000.00 due for each of the 2nd-4th franchises shall be paid upon Franchisee's execution of the franchise agreement for the particular franchise. All fees paid under this Area Development Agreement are nonrefundable.

D. Franchise Agreements. At least sixty (60) days prior to opening the second and each succeeding franchise, Franchisee shall sign a then-current franchise agreement.

E. Development Schedule Extension Fee. If Franchisee is unable to develop a Business in accordance with the Development Schedule required under this Agreement, Franchisee may request, and the Company may grant Franchisee a six-month extension and charge Franchisee an extension fee, instead of terminating this Agreement. Franchisee must pay the Company \$5,000 per extension, which is paid in a lump sum, due when Franchisee's request is submitted, and is nonrefundable.

3. Use of Marks. Franchisee acknowledges and agrees that the development rights provided in this Agreement do not include any rights or license to use the System, Marks or other intellectual property while exercising Franchisee's development rights. Any and all rights to use the System, the Marks or other intellectual property will come only from the franchise agreements that Franchisee (or its affiliates) signs to operate Businesses.

4. No Subfranchising Rights. This Agreement does not give Franchisee any right to license others to operate Businesses. Only Franchisee or its affiliates that sign franchise agreements with Company may open and operate Businesses.

5. Termination. Company may terminate this Agreement, effective immediately upon delivery of termination notice to Franchisee, if any of the following occurs: (i) Franchisee breaches any of the terms of this Agreement at any time; (ii) Franchisee (or any of its affiliates) has made any material misrepresentation or omission on any application, report, claim, financial statement or similar document submitted to Company in connection with acquiring the development rights hereunder or any franchise rights; or (iii) any franchise agreement executed by Franchisee or any of its affiliates for the operation of a Business is terminated for any reason, including without limitation, the Initial Franchise Agreement.

6. No Assignability. This Agreement and all related rights are not assignable by Franchisee without Company's prior written consent.

7. Miscellaneous. This Agreement is incorporated into and made a part of the Initial Franchise Agreement by this reference. To the extent of any inconsistency between the Initial Franchise Agreement and this Agreement, the terms of this Agreement shall control. All matters arising under the terms of this Agreement will be governed by the rules of construction and dispute resolution under the Initial Franchise Agreement. This Agreement may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. The

parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

8. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

Byrider Franchising Partners, LLC

By \_\_\_\_\_  
Michael J. Onda, CEO

\_\_\_\_\_

\_\_\_\_\_  
Date

**EXHIBIT D**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

## Byrider Franchise Directory

Branch locations are enclosed within ( ).

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
<b><u>Alabama</u></b>				
AL106	Stephen Locklear*	2700 Skyland Blvd. East Tuscaloosa, AL 35405 205-349-6280	3/9/04	No
AL112	Stephen Locklear*	505 Columbus Pkwy Opelika, AL 36801 334-749-6555	1/25/19	No
<b><u>Arizona</u></b>				
AZ103	Wright/Hirst	1455 N. Arizona Avenue Chandler, AZ 85225 480-821-8833	4/10/01	Yes
AZ109	Steven Walden*	1780 E. Benson Hwy Tucson, AZ 85714 520-344-7792	7/2/14	Yes
<b><u>Arkansas</u></b>				
AR102	David Hanson*	2737 N. Thompson St. Springdale, AR 72764 479-903-7071	7/9/13	Yes
AR103	Matthew Enderlin*	3301 S. Zero St. Fort Smith, AR 72908 501-975-1100	3/1/15	Yes
AR104	Matthew Enderlin*	1560 E. Oak St. Conway, AR 72032 501-358-6968	4/5/17	Yes
AR105	Matthew Enderlin*	8000 Warden Rd. Sherwood, AR 72120 501-975-1100	7/31/17	Yes
AR106	Matthew Enderlin*	22677 I-30 Bryant, AR 72022 501-213-0010	2/5/20	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
<u>Colorado</u>				
CO107	Rick Steenbock* William Smith, Jr.	6401 Federal Blvd. Denver, CO 80221 303-732-8532	7/30/15	Yes
CO108	Deborah/Peter Flaherty*	1340 Ainsworth St. Colorado Springs, CO 80915	4/7/18	Yes
<u>Connecticut</u>				
CT103	Merriam/Dulitsky*	1187 E. Main St. Meriden, CT 06450 203-443-5400	5/7/14	Yes
<u>Florida</u>				
FL139	Jim Thompson/ Jim Kagiliery	1285 Cassat Avenue Jacksonville, FL 32205 904-425-3000	12/12/01	Yes
FL154	Jim Thompson/ Jim Kagiliery	7701 Park Blvd Pinellas Park, FL 33781 727-369-7777	11/30/10	No
FL161	J./S. Locklear*	704 W. 15 <sup>th</sup> St. Panama City, FL 32401 850-250-2622	2/21/14	Yes
FL162	Jim Thompson/ Jim Kagiliery	8829 US Hwy 19 Port Richey, FL 34668 727-264-1107	4/25/14	No
FL163	J./S. Locklear*	707 New Warrington Rd. Pensacola, FL 32506 850-361-2800	7/23/15	Yes
FL164	Randy Barson	3907 14 <sup>th</sup> St. West Bradenton, FL 34205 941-896-9610	7/31/17	Yes
BDFL03	Harry Garber	2008 Okeechobee Blvd. West Palm Beach, FL 33409 561-210-5990	2/24/22	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
<u>Georgia</u>				
GA108	Paul Hanks	1407 Klondike Rd. Conyers, GA 30094 770-929-0808	10/19/20	Yes
<u>Idaho</u>				
ID101	James Chalfant*	3880 W. Chinden Blvd. Boise, ID 83714 208-472-3100	4/8/13	Yes
ID102	James Chalfant*	516 E. 2nd Street Nampa, ID 83651	7/6/18	Yes
<u>Illinois</u>				
IL105	Kevin Sullivan	441 W. Marketview Drive Champaign, IL 61822 217-355-3100	7/23/91	No
IL115	Michael Burgstone	2323 W. Jefferson Street Joliet, IL 60435 815-207-5500	7/29/02	Yes
IL116	Kevin Sullivan	1709 S. Veteran's Parkway Bloomington, IL 61701 309-665-5000	9/17/02	Yes
IL117	Bob Brady	2190 E. Pershing Road Decatur, IL 62526 217-877-0040	12/18/02	Yes
IL121	Michael Burgstone	800 North Avenue Glendale Heights, IL 60139 630-403-3800	10/22/08	No
IL122	Rachel Bachrodt	5695 E. State St. Rockford, IL 61108 815-231-2660	8/26/09	No

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
IL125	Michael Burgstone	750 Dundee Ave. East Dundee, IL 60118 847-246-9300	6/26/12	No
IL131	Michael Burgstone	300 W. 162 <sup>nd</sup> St. South Holland, IL 60473 708-232-1740	6/5/15	No
IL132	Jeff Anderson	1710 Vaughn Road Wood River, IL 62095 618-258-8700	10/22/18	No
<u>Indiana</u>				
INCO3	Company	1525 N. Shadeland Ave. Indianapolis, IN 46219 317-354-4444	1/10/96	Yes
INCO5	Company	575 Sagamore Parkway S. Lafayette, IN 47905 765-449-8200	11/26/96	Yes
INC10	Company	3521 Grape Road Mishawaka, IN 46545 574-344-5390	12/29/99	Yes
IN116	Terry Gerhart	506 E. McGalliard Muncie, IN 47303 765-286-8000	9/23/93	Yes
(IN116A)	Terry Gerhart	1061 Chester Blvd. Richmond, IN 47374 765-962-4171	12/20/94	Yes
(IN116B)	Terry Gerhart	311 S. Scatterfield Rd. Anderson, IN 46012 765-643-6069	12/20/94	Yes
(IN116C)	Terry Gerhart	2425 West 3 <sup>rd</sup> Street Bloomington, IN 47404 812-333-1776	1/24/96	Yes
(IN116D)	Terry Gerhart	2645 N. National Rd. Columbus, IN 47201 812-348-1255	8/27/97	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
(IN116H)	Terry Gerhart	2116 N. 1 <sup>st</sup> Avenue Evansville, IN 47710 812-426-2500	12/28/98	Yes
IN124	Aaron Zeigler	310 E. Washington Center Rd. Ft. Wayne, IN 46825 260-209-5071	1/24/13	No
IN125	Robert Boyce	1186 E. Markland Ave. Kokomo, IN 46904 765-553-5200	1/3/14	No
IN127	Matt Enderlin	5055 S US Hwy 41 Terre Haute, IN 47802 812-214-4567	6/15/21	No
IN128	Matt Enderlin	1703 US 31 S. Greenwood, IN 46143 317-865-8200	12/28/2023	No

#### Iowa

IA104	Russ Larson*	125 S. Roosevelt Ave. Burlington, IA 52601 319-754-4220	1/15/95	Yes
IA109	Russ Larson*	925 W. Kimberly Rd. Davenport, IA 52806 563-344-9222	1/31/05	Yes
IA110	Russ Larson*	2426 SE 14 <sup>th</sup> Street Des Moines, IA 50320 515-697-7073	7/2/08	Yes
IA111	Russ Larson*	3837 First Ave. SE Cedar Rapids, IA 52402 319-866-7179	8/19/08	Yes

#### Kentucky

KY104	Jeff Anderson	250 E. 18 <sup>th</sup> Street Owensboro, KY 42303 270-684-7669	1/14/08	No
KY106	Charles Rashid* Mitchell Rashid	770 E. New Circle Rd. Lexington, KY 40505 859-523-8457	3/4/13	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
KY108	Mark Morris	2813 Winchester Ave. Ashland, KY 41101	3/24/21	No
KY109	Matt Enderlin	2210 Russellville Rd. Bowling Green, KY 42101	5/24/22	Yes
BDKY01/ KY111	Harry Garber	6507 Preston Highway Louisville, KY 40219 502-574-9090	12/5/22	Yes
BDKY02/ KY110	Harry Garber	4079 N Dixie Highway Elizabethtown, KY 42701 270-255-4145	12/15/22	Yes
KYC27	Company	6619 Dixie Highway Florence, KY 41042 859-746-0043	12/1/12	Yes

#### Louisiana

LA110	Barry Biggers	1107 Oliver Road Monroe, LA 71201 318-450-3490	9/8/20	No
-------	---------------	--	--------	----

#### Massachusetts

MA102	Gerard Vachon*	957 Washington Street S. Attleboro, MA 02703 508-761-1111	10/29/99	Yes
MA111	Gerard Vachon*	331 State Rd. (Route 6) Dartmouth, MA 02747 508-992-0000	4/1/23	No

#### Michigan

MI105	Harold Zeigler	3227 S. Westnedge Ave. Kalamazoo, MI 49008 269-375-8778	6/28/00	No
MI108	Harold Zeigler	4811 South Cedar St. Lansing, MI 48910 517-882-3690	1/24/03	No
MI109	Jamie Marsh*	1788 Barlow St. Traverse City, MI 49686 231-932-7900	10/2/08	No

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
MI113	Jamie Marsh*	6011 Bay Road Saginaw, MI 48604 989-401-8899	4/17/15	Yes
MI115	Jeff Anderson	2215 US Hwy 31 N Petoskey, MI 49770 231-347-3200	10/31/11	No
MI116	Jamie Marsh*	2675 SW 28th St. Wyoming, MI 49519	2/28/20	No
<b><u>Missouri</u></b>				
MO109	Russ Larson*	1226 S. Glenstone Ave. Springfield, MO 65804 417-863-6500	3/21/13	No
MO112	Lawrence West, Sr.*	2603 N. Bishop Ave. Rolla, MO 65401 573-426-2620	9/21/15	Yes
MO113	Russ Larson*	3215 E. 20 <sup>th</sup> St. Joplin, MO 64801 417-208-0451	11/3/16	No
MO114	Winston Sleeth	608 Business Loop 70 West Columbia, MO 65203 573-817-1700	6/21/21	No
MO115	Lawrence West	780 Maple Valley Dr. Farmington, MO 63640	6/6/22	No
<b><u>Mississippi</u></b>				
MS104	Barry Biggers	2600 HWY. 80E Pearl, MS 39208 601-939-7151	3/3/00	No
MS105	Barry Biggers	5719 I-55 N. Frontage Rd. Jackson, MS 39206 769-524-3336	11/30/12	No

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
<u>North Carolina</u>				
NC106 BDNC01	Lloyd Thomas/ Christopher Thomas	5101 New Bern Avenue Raleigh, NC 27610 919-268-4790	4/4/07	No
NC112	Chris McPhie	7401 South Blvd. Charlotte, NC 28273 704-496-7730	1/5/15	Yes
NC113	Chris McPhie	T.B.D.	4/26/16	No
<u>Ohio</u>				
OH130	Chris McPhie	777 Canton Rd. Akron, OH 44312 330-733-8828	10/15/02	Yes
OH132	Dennis Ange	20941 Euclid Ave. Euclid, OH 44117 216-486-6400	9/30/01	Yes
OH140	Chris McPhie	1810 W. 4 <sup>th</sup> St. Mansfield, OH 44906 419-529-2515	12/2/04	No
OH142	Chris McPhie	4536 Cleveland Road Wooster, OH 44691 330-345-4565	5/17/08	No
OH148	Chris McPhie	3000 W. Tuscarawas St. Canton, OH 44708 330-458-0000	12/31/09	No
OH152	Chris McPhie	3420 North Ridge East Ashtabula, OH 44004 440-992-3900	8/6/12	No
OH155	Chris McPhie	7550 Leavitt Rd. Amherst, OH 44001 440-988-3000	12/26/22	No
OH156	Chris McPhie	5250 Brookpark Road Parma, OH 44134 216-398-7000	12/26/22	No

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
OHC06	Company	2144 Elida Rd. Lima, OH 45805 567-242-6900	12/10/97	Yes
OHC13	Company	9797 Colerain Ave. Cincinnati, OH 45251 513-923-3999	1/2/00	Yes
OHC18	Company	8581 Beechmont Ave. Cincinnati, OH 45255 513-407-4111	5/21/09	Yes
OHC19	Company	3700 W. Broad St. Columbus, OH 43228 614-456-1717	7/15/11	Yes
OHC21	Company	238 Boardman-Poland Rd. Boardman, OH 44512 330-758-5800	9/30/11	Yes
OHC29	Company	1575 Miamisburg- Centerville Rd. Dayton, OH 45459 937-853-3455	12/1/12	Yes
OHC34	Company	1375 ½ Conant Street Maumee, OH 43537 419-893-2334	8/31/14	No

Pennsylvania

PA108	Randall Barson	601 State Avenue Emmaus, PA 18049 610-965-1500	5/18/01	Yes
PA111	Randall Barson	2261 Lancaster Pike Reading, PA 19607 610-777-3500	9/7/05	Yes
PA115	Randall Barson	2140 Sans Souci Pkwy Wilkes-Barre, PA 18706 570-740-2700	4/26/13	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
PA116	Doug Lewis*	701 E. Main St. Palmyra, PA 17078 717-641-3755	4/2/14	Yes
PA117	Charles Driscoll*	3510 W. College Ave. State College, PA 16801 814-954-8182	1/20/15	Yes
PAC22	Company	3500 East State St. Hermitage, PA 16148 724-342-7500	9/30/11	Yes
PAC24	Company	7200 McKnight Rd. Pittsburgh, PA 15237 412-364-1112	9/30/11	Yes
PAC25	Company	4916 William Penn Highway Monroeville, PA 15146 724-733-1400	9/30/11	Yes

#### South Carolina

SC105	John Gandolfo	3815 W. Beltline Blvd. Columbia, SC 29204 803-748-9331	11/30/98	Yes
SC114	John Gandolfo	2126 Boland Circle North Charleston, SC 29406 843-614-8200	7/24/08	Yes
SC115	John Gandolfo	2400 Laurens Rd. Greenville, SC 29607 864-412-3900	7/23/13	Yes

#### Tennessee

BDTN01/ TN110	Harry Garber	1525 Gallatin Pike North Madison, TN 37115 615-860-3838	12/12/22	No
------------------	--------------	---	----------	----

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
BDTN02/ TN111	Harry Garber	1815 NW Broad Street Murfreesboro, TN 37129 629-207-4640	12/12/22	No
<u>Texas</u>				
TX109	James Day	3216 SW Military Drive San Antonio, TX 78211 210-927-1700	5/21/01	Yes
TX112	Mark Bedgood	1007 West Marshall Longview, TX 75604 903-553-2974	3/26/02	Yes
TX114	Mark Bedgood	3908 S SW Loop 323 Tyler, TX 75701 903-509-3100	11/9/04	No
TX115	James Day	11150 IH35 N San Antonio, TX 78233 210-651-1191	2/4/05	No
TX116	James Day	6226 Bandera Road Leon Valley, TX 78238 210-523-0900	4/21/06	No
TX118	Erich Kissick	909 South Beckley Ave. De Soto, TX 75115 469-643-2233	6/4/07	No
TX122	Mark Bedgood	4824 W. Waco Drive Waco, TX 76710 254-300-5377	3/26/12	No
TX129	Dale Boone	1906 E. Rancier Ave. Killeen, TX 76541	10/30/19	No
TX131	James Day	1211 19th Street Lubbock, TX 79401	7/16/21	No
TX132	James Day	8840 Camp Bowie W. Blvd. Ft. Worth, TX 76116 817-632-2900	11/30/23	Yes
<u>Virginia</u>				
VA102	Gary Duncan	3141 Peters Creek Rd. Roanoke, VA 24019 540-527-1900	1/7/99	No

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
<u>West Virginia</u>				
WV104	Mark Morris	1328 7th St. Parkersburg, WV 26101 304-428-6221	1/22/03	No
WV105	Mark Morris	3129 MacCorkle Ave. SW South Charleston, WV 25303 304-925-5656	2/10/05	No
WV106	Mark Morris	1626 East Pike Street Clarksburg, WV 26301 304-624-9898	6/30/06	No
WV107	Mark Morris	34 Sterling Drive Morgantown, WV 26505 304-381-2515	9/28/10	No
WV108	Charles Rashid*	4631 Robert C. Byrd Beckley, WV 25801 681-238-5257	3/1/12	Yes
WV109	Mark Morris	6018 U.S. 60 Barboursville, WV 25504 304-736-5656	2/21/13	No
<u>Wisconsin</u>				
WI102	Mike Darrow*	4810 S. 27 <sup>th</sup> St. Milwaukee, WI 53221 414-325-2000	3/10/98	No
WI104	Mike Darrow*	2301 W. College Avenue Appleton, WI 54914 920-749-7979	7/27/01	No
WI107	Mike Darrow*	5234 High Crossing Blvd. Madison, WI 53718 608-663-1213	11/20/00	No
WI110	Mike Darrow*	W226 S1700 Hwy 164 Waukesha, WI 53186 262-506-3131	9/23/96	No
WI111	Richard Francois*	3316 Pontiac Drive Janesville, WI 53545 608-753-5171	1/23/12	Yes

<u>State/Province</u>		<u>Address &amp; Phone</u>	<u>Commencement Date</u>	<u>Owner-Managed</u>
WI112	Mike Darrow*	2805 Ramada Way Green Bay, WI 54304 902-455-7788	4/25/13	No
WI114	Keith Kocourek	2600 N 20 <sup>th</sup> Ave. Wausau, WI 54403 715-298-0788	8/9/13	Yes
WI115	Richard Francois*	8224 Washington Ave. Racine, WI 53406 262-321-3532	11/25/14	No
WI116	Mike Darrow*	3815 Jackson St. Oshkosh, WI 54901 920-479-7400	12/19/18	No
WI117	Mike Darrow*	44 N. Rolling Meadows Dr. Fond du Lac, WI 54937 262-787-5800	7/29/19	No

**EXHIBIT D-2**

**Franchisees who have signed a Franchise Agreement, but have not yet opened for business:**

NC113 McPhie

**EXHIBIT E**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

## **OPERATIONS MANUALS' TABLES OF CONTENTS AND TRAINING DESCRIPTIONS**

This Exhibit E contains the following manual's tables of contents:

- I. SALES OPERATIONS
- II. CNAC OPERATIONS
- III. BYRIDER/CNAC REPORTS
- IV. SERVICE OPERATIONS
- V. ACCOUNTING

The following training descriptions are provided.

- I. SALES TRAINING
- II. VEHICLE SERVICE OPERATIONS AND MANAGEMENT
- III. CNAC TRAINING
- IV. INITIAL TRAINING PROGRAM
- V. ONTRACK

## TABLE OF CONTENTS

---

INTRODUCTION	1
BYRIDER OPERATIONS OVERVIEW	2
INVENTORY MANAGEMENT	3
SALES PROCESS OVERVIEW	4
PROSPECTING	5
SALES PRESENTATION	6
APPLICATION PROCESS	7
DESKING THE DEAL	8
WRAPPING UP THE DEAL	9
SALES ASSOCIATE'S MANAGEMENT OF THEIR WORKPLAN	10
MANAGING THE SALES DEPARTMENT	11
LEADING THE BYRIDER STAFF	12
APPENDIX A - EXHIBITS	
APPENDIX B – STANDARDS AND BEST PRACTICES	

---

**PAGE INTENTIONALLY LEFT BLANK**

*Reformatted 10/31/08*

## **SALES OPERATIONS – TABLE OF CONTENTS**

<b>Chapter 1 – Introduction</b>	
Purpose.....	1.1
Receipt	1.1
How to contact us	1.1
Copyright protection	1.1
Notices regarding sharing of information and hiring of employees	1.2
STANDARD: Protection of Byrider proprietary marks	1.2
STANDARD: Confidentiality and Non-disclosure Agreement	1.2
Byrider organizational models	1.3
Legal notices	1.4
Sworn Statement of Responsibility and Confidentiality	1.5
How to use this manual	1.7
STANDARD: Customers signing blank forms	1.7
PROCEDURE: Layout of procedures in Byrider manuals	1.7
BEST PRACTICE: Courtesy calls	1.8
Position titles	1.8
Manual components	1.8
Training and the manual	1.9
Revisions	1.9
Business licenses	1.9
Compliance Management System (CMS)	1.10
STANDARD: Compliance Management Systems	1.10
STANDARD: Compliance training	1.10
STANDARD: Complaint response	1.11
BEST PRACTICE: Consumer relations representative	1.12
Standards in conflict with laws and/or regulations	1.12
BEST PRACTICE: Standards in conflict with laws and/or regulations	1.12
Discover security	1.13
Reporting	1.14
Finding a Discover report	1.15
PROCEDURE: Finding a Discover report using “Your Top 10”	1.15
PROCEDURE: Finding a Discover report using “Help Me Find A Report”	1.17
Printing Discover Reports	1.19
PROCEDURE: Printing Discover reports	1.19
Saving a Discover report as an Excel spreadsheet	1.20
PROCEDURE: Saving a Discover report as an Excel file	1.20
Reports usage by position	1.21

**Chapter 2 – Byrider Operations Overview**

Purpose	2.1
Why is Byrider in business?	2.1
Byrider Franchising Vision Statement	2.1
The Byrider Franchising Values	2.2
STANDARD: Code of Ethics	2.2
Typical customer	2.3
What makes us different?	2.3
Treatment of the customer	2.3
Byrider Franchising Value #1	2.3
Byrider Franchising Value #2	2.3
STANDARD: Prohibition against customer abuse	2.3
BEST PRACTICE: Appearance	2.4
Applicant/customer expectations	2.5
Customer advancement	2.6
Retail Sales & Finance Platform (RSP)	2.6
The Warranty/Vehicle Service Contract	2.7
STANDARD: Vehicle service contracts	2.7
STANDARD: Warranty and service contracts	2.7
Optional GPS Service Contract	2.8
Tradition Byrider franchise structure	2.9
STANDARD: Separation of Byrider and CNAC	2.9
BEST PRACTICE: Organizational documents	2.9
Byrider sales personnel objectives	2.10
Byrider software applications	2.11
Opening more than one window in Discover	2.14
PROCEDURE: Opening more than one application at a time in Discover	2.14
JDB Shortcut Portal aka Discover Portal	2.15

**Chapter 3 – Inventory Management**

Purpose	3.1
The inventory management process	3.1
Assessing inventory needs	3.3
Understanding your customer base	3.3
Days of supply	3.3
When to buy	3.4
Inventory mix	3.4
Establishing Inventory Control and Sales Standing Boards goals	3.4
PROCEDURE: Establish store goals – inventory mix	3.4
The role of the buyer	3.7
Identify the inventory source	3.8
Purchasing the inventory	3.9
STANDARD: Byrider Minimum Vehicle Standards	3.9
STANDARD: Title status of vehicles	3.9
PROCEDURE: Accessing the Orangebook	3.11
Byrider's Buyers App	3.13
Buyer's Auction Log	3.13
BEST PRACTICE: The Buyer's Auction Log	3.13
PROCEDURE: Completing the Buyer's Auction Log	3.14
New Vehicle Check In Sheet	3.16
BEST PRACTICE: The New Vehicle Check In Sheet (NVCIS)	3.16
PROCEDURE: Completing the New Vehicle Check In Sheet in Discover	3.16
Vehicle Check In at Lot	3.18
Vehicle recalls	3.18
Entering and tracking inventory in Discover	3.19
Add a vehicle to the inventory	3.19
PROCEDURE: Adding a vehicle to inventory	3.21
PROCEDURE: Locating a vehicle in the Vehicle Module using the "Inventory" tab	3.35
PROCEDURE: Locating a vehicle in the Vehicle Module using the "Search" tab	3.38
PROCEDURE: Generating/printing the Mechanic's and Detailer's Checklists & Buyers Guide	3.40
The Inventory Control Board and reconciling vehicle inventory	3.42
BEST PRACTICE: Maintenance of the Inventory Control Board in the Sales Department	3.42
PROCEDURE: Reconciling vehicle inventory and maintaining the Inventory Control Board	3.43
STANDARD: Retail vehicle pricing	3.43
Create the deal jacket	3.45
BEST PRACTICE: Copy of title for purchased vehicle	3.45
BEST PRACTICE: Titles for inventory	3.45
Service manager's inventory responsibilities	3.46
BEST PRACTICE: Keys for vehicles	3.46
STANDARD: Reconditioning of vehicles	3.46
BEST PRACTICE: Repair approval	3.47
Vehicle Lot-ready Report	3.48
Displaying the vehicles – "The lot line up"	3.48
Daily Driving Log	3.49
BEST PRACTICE: Driving the inventory	3.49
Vehicle inventory management-inventory stats	3.50
BEST PRACTICE: Age of trade in vehicle inventory	3.51
Vehicle inventory management-wholesaling	3.52
Managing aging sales lot vehicles	3.53
PROCEDURE: Discounting a sales lot vehicle's Suggested Sales Price	3.53
Vehicle inventory management – back-offs	3.55

Vehicle inventory management – repossession	3.55
	<i>Page Rev. 02/24/2022</i>
Transferring a vehicle to a different sales lot	3.56
PROCEDURE: Transferring a vehicle to a different sales lot	3.56
Deleting a vehicle from inventory	3.58
PROCEDURE: Deleting a vehicle from inventory	3.58
Wholesaling a vehicle	.3.60
PROCEDURE: Wholesaling a “Bought In” vehicle	3.60

**Chapter 4 – Sales Process Overview**

Purpose	4.1
BEST PRACTICE: Sales and finance process	4.1
Sales Process Redesign	4.1
Sales and Finance Process	4.2
Sales personnel objectives	4.3
Byrider sales personnel actions	4.3
STANDARD: Equal Credit Opportunity Act (ECOA) and Regulation B	4.3
Sales Control/Customer Relationship Management (CRM)	4.4
Customer Relationship Management (CRM)	4.5
Discover Sales Control	4.6

Page Rev 08/20/2021

**Chapter 5 – Prospecting**

Purpose	5.1
Prospecting for customers	5.2
Byrider prospecting programs	5.3
STANDARD: Notice of Action Taken for Internet and Finance-By-Phone applications	5.4
PROCEDURE: Finance-by-phone site operating procedures	5.5
Internet leads	5.8
Do not call list	5.10
PROCEDURE: Using do not call search in Discover	5.10
Prospecting in your Discover data base	5.12
Grassroots marketing	5.13
Incoming calls	5.14
The cold call	5.16
Using the mail and e-mail for prospecting	5.17
PROCEDURE: Scheduling/generating individual e-mails for prospects/customers	5.18
PROCEDURE: Scheduling/cancelling individual letters for prospects/customers	5.19
PROCEDURE: Generating individually scheduled letters for prospects/customers	5.20
PROCEDURE: Creating and generating a bulk mailing (letters or e-mails) from Discover	5.22
PROCEDURE: Uploading a prospect list into Discover Sales Control	5.27
Using the telephone	5.29
BEST PRACTICE: Incoming telephone calls	5.29
Recording prospect information	5.30
PROCEDURE: Recording prospect information – Discover Sales Control	5.30
PROCEDURE: Recording prospect information - CRM (Customer Relationship Management)	5.34
Recording customer notes and memos in Sales Control	5.36
PROCEDURE: Recording notes and memos in Sales Control	5.36
Recording customer reminders, notes, and memos in CRM (Customer Relationship Management)	5.39
PROCEDURE: Recording reminders, notes, and memos in CRM	5.40
Scheduling phone calls	5.43
PROCEDURE: Scheduling an individual phone call in Discover	5.43
PROCEDURE: Scheduling mass phone calls in Discover	5.44
Follow-up – Unsold and missed appointment	5.46
Customer follow-up – new owner	5.48
Scheduling an appointment	5.49
PROCEDURE: Scheduling an appointment - Discover	5.49
PROCEDURE: Scheduling an appointment – CRM (Customer Relationship Management)	5.51
Turning over a prospect	5.53
PROCEDURE: Turning over a prospect	5.53
Recording other events in your calendar	5.54
Dead deals	5.55
PROCEDURE: Recommending a prospect be categorized as a dead deal - Discover	5.64
PROCEDURE: Recommending a prospect be categorized as a dead deal – CRM	5.56
Calling to confirm appointments	5.57
BEST PRACTICE: Confirming appointments	5.57
The Program Genie	5.58
Frequently asked questions and key phrases	5.59
Prospecting for business referrals	5.61
STANDARD: Sharing customer information	5.61
Business referrals and Discover	5.62
Entering/editing business referral information and creating notes	5.63

PROCEDURE: Recording/editing a business referrer in Discover	5.65
PROCEDURE: Entering a note for a business referrer in Discover	5.66

*Page Rev. 02/24/2022*

Scheduling a business referrer phone call made or to be made	5.67
PROCEDURE: Scheduling a phone call to a business referrer	5.67
Scheduling a business referrer appointment made or kept	5.69
PROCEDURE: Scheduling an appointment with a business referrer	5.69
Scheduling group phone calls for business referrers	5.70
PROCEDURE: Generating phone calls for a group of business referrers	5.70
Turning over a business referrer	5.73
PROCEDURE: Turning over a business referrer	5.73
Receiving a prospect from a business referrer	5.76
The Business Development Center (BDC)	5.77

Page Rev. 08/20/2021

**Chapter 6 – Sales Presentation**

Purpose	6.1
The greeting	6.1
PROCEDURE: Greet prospects at the lot	6.2
Prospect arrives without an appointment (Lot Up)	6.3
Prospect arrives for an appointment	6.4
PROCEDURE: Recording a customer's arrival for an appointment in CRM	6.4
The flip chart presentation	6.5
PROCEDURE: Spanish flip chart presentation using Discover	6.5
PROCEDURE: Conduct a Spanish Flip Chart presentation in Discover	6.6
PROCEDURE: Conduct a mobile flip chart presentation	6.13
STANDARD: Retail vehicle pricing	6.19
BEST PRACTICE: Trade-ins	6.19

**Chapter 7 – Application Process**

Purpose	7.1
Application options	7.1
Taking the Customer Statement/Application	7.1
STANDARD: Retail vehicle pricing	7.1
PROCEDURE: Accessing the Customer Statement in Discover	7.2
Customer Statement menu bar in Discover	7.4
BEST PRACTICE: Disclosure of personal information	7.4
The Customer Statement	7.5
PROCEDURE: Taking the Customer Statement – Step 1 – Contact Info Tab	7.5
PROCEDURE: Taking the Customer Statement – Step 2 – Housing tab	7.8
PROCEDURE: Taking the Customer Statement – Step 3 – Employment tab	7.11
PROCEDURE: Taking the Customer Statement – Step 4 – Financial tab	7.15
Printing the Starter Pack and Customer Statement	7.17
PROCEDURE: Printing the Starter Pack and Customer Statement	7.18
PROCEDURE: Scanning and transmitting Starter Pack documents	7.20
The Transportation Needs Analysis	7.23
PROCEDURE: Preparing the Transportation Needs Analysis	7.24
The trade-in	7.25
BEST PRACTICE: Trade-ins	7.25
Assembling the Qualification Package	7.26
PROCEDURE: Assembling the Qualification Package	7.26
BEST PRACTICE: Test drive	7.26
STANDARD: Prohibition against customer abuse	7.28
Byrider website online applications	7.29
Online Approval Lite (OAL)	7.29
Online Approval Full (OLAF)	7.33
Using OLAF for leads with a blank status	7.39
The P.R.E. (Preliminary Risk Evaluation) process (A.R.E. 2.0 option)	7.40
PROCEDURE: Conducting the Preliminary Risk Evaluation (P.R.E.)	7.40
PROCEDURE: Completing the P.R.E. sections	7.45
Applicant wants/needs to leave before the sale is complete	7.49
BEST PRACTICE: Turnover (TO)	7.49

The Service walk	7.50
The Evidence Manual	7.50
If the Discover system or your store's printers aren't working...	7.50
CNAC actions	7.51
When an application is rejected by CNAC	7.52

Page Rev. 08/20/2021

**CRM (Customer Relationship Management) - 7.53**

The P.R.E. (Preliminary Risk Evaluation) process	7.54
PROCEDURE: Conducting the Preliminary Risk Evaluation (P.R.E.)	7.54
PROCEDURE: Completing the P.R.E. sections	7.56
PROCEDURE: Accessing the application in CRM (Customer Relationship Management)	7.61
Application menu bar in CRM	7.63
BEST PRACTICE: Disclosure of personal information	7.63
The Customer Statement (CRM)	7.64
PROCEDURE: Taking the Customer Statement (CRM) – Step 1 – Contact tab	7.64
PROCEDURE: Taking the Customer Statement (CRM) – Step 2 – Housing	7.67
PROCEDURE: Taking the Customer Statement (CRM) – Step 3 – Employment tab	7.71
PROCEDURE: Taking the Customer Statement (CRM) – Step 4 – Financial tab	7.75
The Needs Analysis	7.78
PROCEDURE: Preparing the Needs Analysis (CRM)	7.79
Uploading applicant's stips in CRM	7.80
Emailing stip request and uploading (CRM)	7.80
Printing the Starter Pack including the Customer Statement (CRM)	7.85
PROCEDURE: Printing the Starter Pack, signing the Customer Statement, and sending application to Underwriting (CRM)	7.86

*Page Rev. 02/24/2022*

**Chapter 8 – Desking the Deal**

Purpose	8.1
Store/General manager actions	8.1
BEST PRACTICE: Turnover (TO)	8.1
STANDARD: Prohibition against customer abuse	8.1
Select a vehicle(s)	8.2
PROCEDURE: Select a vehicle(s)	8.2
Communication the application status to the customer	8.3
The four square (Getting You On A Path To A Bright Future)	8.3
The Roadmap	8.5
The Decision Status Screen	8.6
Test drive	8.9
PROCEDURE: The test drive	8.10
BEST PRACTICE: Test drive	8.10
BEST PRACTICE: Dealer plates and temporary tags	8.10
BEST PRACTICE: Keys for vehicles	8.10
Structuring the deal	8.12
BEST PRACTICE: Gross profit	8.12
STANDARD: DIP payments	8.12
BEST PRACTICE: Amount of DIP payment	8.12
STANDARD: First Installment Payment – No DiPs/Promissory Notes	8.13
BEST PRACTICE: Scheduling the payment	8.13
Structuring the deal when DIPs are not allowed	8.14
Entering a deal into Contract Writer	8.15
Using Contract Writer	8.15
STANDARD: First Installment Payment – No DIPs/Promissory Notes	8.29
Wholesale deals	8.32
Cash deals	8.32
STANDARD: Cash deals	8.32
Entering another deal into Contract Writer	8.33
Preliminary Purchase Worksheet	8.33
PROCEDURE: Printing the Preliminary Purchase Worksheet	8.34
Presenting the deal to the applicant	8.36
Receipt for down payment	8.39
Automobile insurance coverage	8.39
The turn over	8.40
STANDARD: Prohibition against customer abuse	8.40
Objections to closing the deal	8.41
PROCEDURE: Handling objections	8.41
The financing decision	8.42
PROCEDURE: Transferring the deal to delivered in Contract Writer	8.43

**Chapter 9 – Wrapping Up the Deal**

Purpose	9.1
Transition to CNAC	9.1
BEST PRACTICE: Pre-closing video	9.1
STANDARD: Signatures on closing documents	9.1
Preparing the vehicle for delivery	9.2
BEST PRACTICE: Fuel in vehicle tank	9.2
License plates	9.2
Delivering the vehicle to the customer	9.3
Completing the delivery process	9.4
Follow-up after the customer is sold	9.5



**Chapter 10 – Sales Associate’s Management of Their Work Plan**

Purpose	10.1
Sales Associate’s Timetable Overview	10.2
Finding a customer in Discover Sales Control	10.3
PROCEDURE: Locate a customer using “Last 20 Customers” in Discover	10.3
Tracking your activities in Discover	10.4
The Activity Sheet in Discover – My Goals and the Plan to Get There	10.21
The Applications tab in Discover	10.09
PROCEDURE: Monitoring applications using the Applications tab in Discover	10.09
Sold customers – red alert (Discover)	10.13
PROCEDURE: In Discover, initiating a red alert for a sold customer with an active account	10.13

**Customer Relationship Management (CRM)**

<b>10.14</b>	
Tracking your activities in CRM (Customer Relationship Management)	10.16
Help features on the CRM dashboard	10.17
Dashboard notifications in CRM	10.18
Tracking your goals on the CRM dashboard	10.19
The lead book on the CRM dashboard	10.23
Using the customer profile screen	10.28
PROCEDURE: Completing a call in CRM (Customer Relationship Management):	10.33
PROCEDURE: Recording a customer referral in CRM	10.35
PROCEDURE: Revert a lead to the “New” category	10.39

**Chapter 11 – Managing the Sales Department**

Purpose	11.1
Managing by walking around	11.1
Time management for the manager	11.1
Accountability	11.3
Areas of responsibility	11.3
Key Result areas	11.4
BEST PRACTICE: Monitoring Key Results (Byrider Sales)	11.4
Setting up A.R.E. options in Discover	11.5
Setting up a location's sales goals in Discover	11.5
Sales volume goal	11.7
Buying goal – actual cash value (total inventory value)	11.8
Reconditioning goal – actual cash value (total inventory value)	11.8
Down payment goal	11.9
Cash in deal goal	11.9
BEST PRACTICE: Appraisals	11.9
Average customer payment and term goals	11.9
Average gross profit goals	11.10
Back-offs goal	11.11
STANDARD: Back-off	11.11
PROCEDURE: Backing off a deal (Contract Writer)	11.12
STANDARD: Refund/Return of downpayment, DIP and trade-in	11.13
PROCEDURE: Changing the Back Off reason code	11.16
PROCEDURE: Backing off a cash deal	11.18
PROCEDURE: Backing off a wholesale deal	11.19
Overhead goal	11.20
Monitoring variances – boards	11.21
BEST PRACTICE: Sales boards	11.21
Managing Sales Associates' goals and activities	11.28
PROCEDURE: Setting up and editing the Sales Activity Sheet goals in Discover	11.29
PROCEDURE: Setting up and editing Sales Associate goals in CRM	11.32
PROCEDURE: Monitoring sales activities using the Sales Control Activity Dashboard	11.35
Assigning leads and managing the customer database	11.39
PROCEDURE: Assigning leads in CRM (Customer Relationship Management)	11.40
PROCEDURE: Monitoring recent leads received in CRM (Customer Relationship Management)	11.42
PROCEDURE: Management of processing of a "dead" deal in CRM	11.43
Managing assigned leads and customers	11.45
PROCEDURE: Adding/changing a sales associate/underwriter on a deal in Discover	11.45
PROCEDURE: Turn over a group of deals, prospects, or business referrals to another sales associate based on customer type in Discover.	11.48
PROCEDURE: Turn over a Sales Associate's customers using the Sales Associate's name (Discover)	11.51
PROCEDURE: Turning over a Sales Associate's leads/customers (CRM)	11.53
PROCEDURE: Transferring/removing a Sales Associate from a location in CRM	11.56
Lead Book sharing in CRM (Customer Relationship Management)	11.58
Administration	11.59
Considerations when hiring a vendor	11.59
Computerized record keeping musts	11.59

	<i>Page Rev. 08/20/2021</i>
Byrider Sales NSF's	11.60
PROCEDURE: Recording a Byrider NSF	11.60
PROCEDURE: Redeeming a Byrider NSF	11.62
Collateral exchange	11.64
PROCEDURE: Collateral exchange	11.64
Manual recordkeeping musts	11.65
Record retention plan	11.65
Custom customer communications	11.66
BEST PRACTICE: Forms approval	11.66
Advertising – J.D. Byrider Advertising Group	11.67
STANDARD: Advertising	11.67
PROCEDURE: Accessing Byrider Marketing materials	11.68
An advertising plan overview	11.69
STANDARD: Advertising	11.69
Maintaining advertising sources	11.72
PROCEDURE: Maintaining advertising sources in Sales Control	11.72
PROCEDURE: Adding a location specific Source Detail in CRM	11.75
Exporting a leads list in CRM	11.76
PROCEDURE: Scheduling an export of leads in CRM	11.76
<i>Ebyrider.com</i>	11.79
Gramm-Leach-Bliley Privacy Act	11.81
STANDARD: Gramm-Leach-Bliley Privacy Act requirements	11.81
STANDARD: Sharing customer information	11.81
Customer Information Security Plan	11.81
Red Flag Program	11.82
Customer service	11.83
PROCEDURE: Handling customer concerns	11.84
Online reputation management – customer satisfaction	11.86
Red Alerts	11.87
Sales/service meetings	11.91
National compliance program	11.93
STANDARD: Compliance Audits	11.93
An internal audit program	11.94
Safety	11.94
Location set up options in Discover for A.R.E.	11.95
PROCEDURE: Location set up in Discover – A.R.E.	11.95

*Page Rev. 08/20/2021*

**Chapter 12 – Leading the Byrider Staff**

Purpose	12.1
The manager as a leader	12.2
Creating a winning environment	12.2
Hiring the “right” people	12.3
Onboarding	12.5
Training the staff	12.6
PROCEDURE: Determine training needs	12.6
OnTrack reporting	12.9
Setting Goals	12.11
Building the Byrider team	12.12
The manager as a coach	12.15
Motivating the staff	12.16
Empowerment	12.17
Conducting meetings – general guidelines	12.18
PROCEDURE: Conduct a meeting	12.18
Promoting effective communications	12.19
Managing time	12.20
Personnel administration	12.22
BEST PRACTICE: Purchase of a Byrider vehicle by an employee	12.22

Page Rev.08/20/2021

**Appendix A – Exhibits**

Confidentiality and Non-Disclosure Agreement	A.1a
Laws applicable to the retail sales and financing of vehicles	A.2a
Addendum to the Byrider Confidential Operating Manual (Ohio operators only)	A.3a
Addendum to Byrider Confidential Operating Manual (Kentucky operators only)	A.4a
Dealership Daily Duty Roster	A.5a
Related Finance Company (CNAC) Worksheet	A.6a
Board of Director's Consent Resolution and Exhibit A	A.7a
Agreement to Purchase Automobile Contracts	A.8a
Financing Services Agreement	A.9a
Requirements from the ECOA	A.10a
Byrider Franchising Forms Program	A.11a
Limited Warranty Coverage (Repairs Covered)	A.12a
Maximum Finance Charge Rate worksheet	A.13a
Servicemembers Civil Relief Act (SCRA)	A.14a
Byrider Deal Jacket Checklist	A.15a
CNAC Deal Jacket Checklist	A.16a
Collection abbreviations	A.17a
Field Call Log	A.18a
Skip Sheet	A.19a
Legal terms associated with bankruptcy	A.20a
Reaffirmation Agreement (October, 2005 Bankruptcy Law)	A.21a
Proof of Claim	A.22a
CNAC Repossession Checklist	A.23a
CNAC Inventory of Personal Items	A.24a
Katz, Sapper & Miller letter: Reporting Discharge of Indebtedness Under I.R.C. 6050P	A.25a
Customer 1099-C cover letter	A.26a
Collection Call Monitoring form	A.27a
Predictive Index (PI) Survey	A.28a
What can and can't I ask in an interview	A.29a
Non-Competition Agreement	A.30a
Intentionally left blank	A.31a
Byrider/CNAC Anti-Money Laundering Plan	A.32a
Byrider/CNAC Whistleblower Policy	A.33a
Byrider/CNAC Fair Credit Policy & Acknowledgement	A.34a
Byrider/CNAC Red Flag and Identity Theft Program	A.35a
Gramm Leach Bliley Act Chief Privacy Officer Guide	A.36a
Buyer's Auction Log	A.37a
Inventory Log Book	A.38a
Byrider Vehicle Categories	A.39a
Comprehensive Inspection Requirements	A.40a
Vehicle Lot Ready Report	A.41a
This Vehicle Not for Sale sign	A.42a
Notice of Incompleteness letter	A.43a
Daily Driving Log	A.44a
Shop Maintenance Schedule	A.45a
Medical Supply Order Form	A.46a
Service Safety Meeting	A.47a
New Vehicle Check In Sheet	A.48a
Vehicle Repair Installment Contract	A.49a

*Page Rev. 12/20/2021*

Item Code List	A.50a
Item Codes Covered Under Limited Warranty	A.51a
Solutions By Text	A.52a
CNAC.com Job Aid-Applicable for Locations Using 3Delta or ACI	A.53a
CNAC Reporting Training Manual	A.54a

**Appendix B – Standards and Best Practices**

Standards	B.1
Best practices	B.13

**Glossary**

*Page Rev. 12/06/2019*

**PAGE INTENTIONALLY LEFT BLANK**

## TABLE OF CONTENTS

<b>INTRODUCTION</b>	<b>1</b>
<b>CNAC OPERATIONS OVERVIEW</b>	<b>2</b>
<b>FINANCING</b>	<b>3</b>
<b>CLOSING</b>	<b>4</b>
<b>CONTRACT ADMINISTRATION AND CASH CONTROL</b>	<b>5</b>
<b>COLLECTION PROCEDURES</b>	<b>6</b>
<b>SKIP TRACING</b>	<b>7</b>
<b>BANKRUPTCY</b>	<b>8</b>
<b>REPOSSESSIONS, BACK OFFS, AND CHARGE OFFS</b>	<b>9</b>
<b>MANAGING CNAC</b>	<b>10</b>
<b>LEADING THE CNAC STAFF</b>	<b>11</b>
<b>APPENDIX A - EXHIBITS</b>	
<b>APPENDIX B – STANDARDS AND BEST PRACTICES</b>	
<b>GLOSSARY</b>	

**PAGE INTENTIONALLY LEFT BLANK**

*Reformatted 8/1/2007*

## **CNAC OPERATIONS – TABLE OF CONTENTS**

	<b>Chapter 1 – Introduction</b>	
Purpose.....		1.1
Receipt		1.1
How to contact us		1.1
Copyright protection		1.1
Notices regarding sharing of information and hiring of employees		1.2
STANDARD: Protection of Byrider proprietary marks		1.2
STANDARD: Confidentiality and Non-disclosure Agreement		1.2
Byrider organizational models		1.3
Legal notices		1.4
Sworn Statement of Responsibility and Confidentiality		1.5
How to use this manual		1.7
STANDARD: Customers signing blank forms		1.7
PROCEDURE: Layout of procedures in Byrider manuals		1.7
BEST PRACTICE: Courtesy calls		1.8
Position titles		1.8
Manual components		1.8
Training and the manual		1.9
Revisions		1.9
Business licenses		1.9
Compliance Management System (CMS)		1.10
STANDARD: Compliance Management Systems		1.10
STANDARD: Compliance training		1.10
STANDARD: Complaint response		1.11
BEST PRACTICE: Consumer relations representative		1.12
Standards in conflict with laws and/or regulations		1.12
BEST PRACTICE: Standards in conflict with laws and/or regulations		1.12
Discover security		1.13
Reporting		1.14
Finding a Discover report		1.15
PROCEDURE: Finding a Discover report using “Your Top 10”		1.15
PROCEDURE: Finding a Discover report using “Help Me Find A Report”		1.17
Printing Discover Reports		1.19
PROCEDURE: Printing Discover reports		1.19
Saving a Discover report as an Excel spreadsheet		1.20
PROCEDURE: Saving a Discover report as an Excel file		1.20
Reports usage by position		1.21

**Chapter 2 – CNAC Operations Overview**

Purpose	2.1
Why is CNAC in business?	2.1
Byrider Franchising Vision Statement	2.1
The Byrider Franchising Values	2.2
STANDARD: Code of Ethics	2.2
Typical customer	2.2
What makes us different?	2.2
Treatment of the customer	2.3
Byrider Franchising Values	2.2
STANDARD: Prohibition against customer abuse	2.3
BEST PRACTICE: Appearance	2.3
Customer expectations	2.4
Retail Sales & Finance Platform (RSP)	2.5
The Warranty/Vehicle Service Contract	2.6
STANDARD: Vehicle Service Contracts	2.6
STANDARD: Warranty and service contracts	2.6
Optional GPS Service Contract	2.7
Traditional Byrider/CNAC franchise structure	2.8
STANDARD: Separation of Byrider and CNAC	2.8
BEST PRACTICE: Organizational documents	2.8
CNAC Structure	2.9
Customer Advancement	2.9
CNAC personnel objectives	2.9
Byrider Software Applications	2.11
Opening more than one window in Discover	2.14
PROCEDURE: Opening more than one application at a time in Discover	2.14
JDB Shortcut Portal aka Discover Portal	2.15



**Chapter 3 – Financing**

Purpose	3.1
Laws and Regulations	3.1
STANDARD: Equal Credit Opportunity Act (ECOA) and Regulation B	3.2
Financing objectives	3.3
Areas of control	3.4
BEST PRACTICE: Customer insurance	3.4
Sales Process Redesign	3.4
The Sales and Financing Process	3.5
BEST PRACTICE: Sales and Finance Process	3.5
Sales and Finance Process (flow chart)	3.6
The Application tab in sales control	3.7
Centralized underwriting	3.10
Obtain/Review the credit bureau report(s)	3.11
STANDARD: Credit reports	3.11
BEST PRACTICE: Credit report liability	3.11
PROCEDURE: Obtain credit bureau report(s)	3.12
Review the credit report(s)	3.19
PROCEDURE: Review credit report(s)	3.19
Credit bureau alerts and messages	3.20
CNAC preparation for the CNAC interview	3.22
Current Driver's License verifications	3.22
Acceptable proof of identification	3.22
Acceptable proof of residence	3.22
Acceptable proof of income	3.23
BEST PRACTICE: Customer Income	3.24
Income calculation and review	3.26
Income calculator	3.28
PROCEDURE: Completing the income calculator in Discover	3.29
The CNAC interview	3.34
Important notes for Discover's interview questions tab	3.35
PROCEDURE: Accessing the interview questions tab in Discover	3.38
PROCEDURE: Interview questions – personal information section	3.40
PROCEDURE: Interview questions – vehicle usage section	3.42
PROCEDURE: Interview questions – housing section	3.43
PROCEDURE: Interview questions – employment information section	3.45
PROCEDURE: Interview questions – financial information section	3.48
PROCEDURE: Interview questions – trade section	3.50
PROCEDURE: Interview questions – credit section	3.53
PROCEDURE: Interview questions – bankruptcy section	3.54
PROCEDURE: Interview questions – credit report section	3.55
PROCEDURE: Interview questions – down payment/insurance section	3.56
PROCEDURE: Interview questions – completion of CNAC interview	3.57
Payment to income (PTI) calculation	3.59
Obtaining A.R.E.'s financing recommendation	3.62
PROCEDURE: Scoring the customer's application	3.62
A.R.E. guidelines for completing the summary	3.66
Override/override examples	3.67
The decision status (DS) screen	3.70
Financing Recommendations for the underwriter (overrides/overrides)	3.74
Rejected deals due to OFAC "hit"	3.76

PROCEDURE: Approving a deal that A.R.E. rejected (override)	3.77
PROCEDURE: Rejecting a deal that A.R.E. approved (underride)	3.81
PROCEDURE: Manager release from Override/Underride	3.83
Rejected deals – Notice of Action Taken (NOA) and roadmap	3.84
STANDARD: Notice of Action Taken (“rejection letter”)	3.84
Approved applications – four square	3.85
Guidelines for CNAC’s verification of the application	3.86
BEST PRACTICE: Verification of customer information	3.86
CNAC verification of the application in Discover	3.89
PROCEDURE: Initially verifying the customer’s application information	3.90
After the initial verification	3.96
Review of reference requirements and reference verification	3.98

*Page Rev. 08/20/2021*

**Chapter 4 - Closing**

Purpose	4.1
Laws and regulations	4.1
STANDARD: Equal Credit Opportunity Act (ECOA) and Regulation B	4.2
Prepare wet signature closing documents	4.4
PROCEDURE: Print wet closing documents on a laser printer	4.5
Close with the customer	4.8
BEST PRACTICE: Pre-closing video	4.8
PROCEDURE: Close with the customer	4.9
Closing introduction dialog guidance	4.9
BEST PRACTICE: Recording the closing	4.9
Wet signature closing document matrix	4.10
STANDARD: Customers signing blank forms	4.12
STANDARD: Warranty and service contracts	4.12
STANDARD: Ancillary fee-based products or services	4.13
STANDARD: Maximum finance charge rate	4.15
STANDARD: Retail vehicle pricing	4.18
STANDARD: Disclosing information during closing	4.19
STANDARD: Signatures on closing documents	4.19
Handling objections	4.20
Deliver the account to CNAC's Accounts Receivable	4.20
PROCEDURE: Post the account to Accounts Receivable	4.21
Equal Credit Opportunity Act (ECOA) and Regulation B	4.24
STANDARD: Equal Credit Opportunity Act and Regulation B	4.24
Closing for a Vehicle Repair Installment Contract	4.24
BEST PRACTICE: Vehicle Repair Installment Contracts	4.24
PROCEDURE: Closing a Vehicle Repair Installment Contract with the customer	4.25
STANDARD: Customers signing blank forms	4.26
Background Secure Close	4.29
Secure Close's Training for Their System	4.29
General Manager/Underwriter Deal Structure – Secure Close	4.30
Underwriter/Location Personnel – Secure Close	4.31
Dedicated Secure Close Closing Station Notes	4.32
PROCEDURE: Prepare closing documents for signature – Secure Close	4.32
Objectives of All Closings	4.39
STANDARD: Customer Signing Blank Forms	4.39
STANDARD: Disclosing Information During Closing	4.39
Close with the customer – Secure Close Overview	4.40
Deleting a Secure Close Closing	4.42
PROCEDURE: Deleting a Secure Close Closing	4.42
Requesting Secure Close Documents After the Closing	4.42
JDB/CNAC Compliance Team's Notes for Auditing Secure Close	4.43
Archiving of Closing Documents – Secure Close	4.43
What is the Location's Responsibilities if Secure Close Makes Changes to their System?	4.43



**Chapter 5 – Contract Administration and Cash Control**

Purpose	5.1
The Office Manager/Controller	5.1
CNAC organization	5.1
Contract administration	5.2
Maintain the deal jacket	5.3
BEST PRACTICE: Deal jackets	5.3
BEST PRACTICE: Banking forms	5.3
Track titles	5.5
PROCEDURE: Track title information	5.6
Tracking insurance	5.9
PROCEDURE: Track insurance information	5.10
PROCEDURE: When proof of insurance coverage is not received	5.13
PROCEDURE: When a Notice of Insurance Cancellation is received	5.14
BEST PRACTICE: Customer insurance	5.14
Other considerations associated with vehicle insurance	5.15
PROCEDURE: Applying an insurance check to a customer's account	5.16
Prepare Sales Tax forms	5.17
Cashiering and cash control	5.17
BEST PRACTICE: Co-mingled funds	5.17
Accept the down payment on a vehicle purchase	5.18
PROCEDURE: Accept the customer's down payment on a vehicle purchase	5.18
BEST PRACTICE: Control of cash down payments	5.18
The cashier greeting	5.19
STANDARD: Account Representative (Collector) payments	5.19
BEST PRACTICE: Cashier verification of customer information	5.19
Payment Acceptance screen and its informational features	5.20
PROCEDURE: Accessing the Payment Acceptance screen	5.20
The customer attempts to pay less than required	5.29
BEST PRACTICE: Cashier responsibilities	5.29
Accepting contractual payments	5.30
PROCEDURE: Accept a standard payment on a contract	5.30
PROCEDURE: Accepting an external payoff on account with an VSC	5.41
Accept non-standard contractual payments	5.41
PROCEDURE: Accepting a non-standard contractual payment	5.41
Down payments on a Service repair order	5.43
PROCEDURE: Accepting a customer's deposit on a repair order	5.43
PROCEDURE: Refunding a customer's deposit on a repair order	5.46
Accepting payment for a Service Department repair order	5.47
PROCEDURE: Accepting payment for a Service Department vehicle repair	5.47
Accept payment for a mechanical DIP (MDIP)	5.50
Handling drop box payments	5.51
BEST PRACTICE: Drop box security	5.51
BEST PRACTICE: Accounting for drop box payments	5.53
Reprinting a receipt for a contractual payment	5.54
PROCEDURE: Reprinting a receipt for a contractual payment	5.54
PROCEDURE: Printing a receipt for an automatic ACH payment	5.56
PROCEDURE: Printing a receipt for automatic credit card payments	5.57
Miscellaneous account correspondence	5.58
Post a payment adjustment	5.59
BEST PRACTICE: Internal control of payment adjustments	5.59
PROCEDURE: Post an adjustment to an account	5.59

*Page Rev.08/20/2021*

Compute customer payoffs	5.63
PROCEDURE: Compute a customer payoff	5.63
Balancing the cash drawer	5.66
BEST PRACTICE: Cash drawer	5.66
BEST PRACTICE: Co-mingled funds	5.66
The Daily Cash Receipts Report	5.67
Out of balance procedures	5.69
PROCEDURE: Resolve an out-of-balance condition (cash drawer)	5.69
Bank deposits	5.70
BEST PRACTICE: Adding/removing money from the cash drawer to resolve an out-of-balance condition	5.70
BEST PRACTICE: Bank deposits	5.70
Automatic payment set up and edits - ACH	5.71
PROCEDURE: Setting up/editing ACH payments made from a checking or savings account	5.71
Customer online payments	5.75



**Chapter 6 – Collection Procedures**

Purpose	6.1
BEST PRACTICE: Payment on accounts	6.1
Why collect?	6.1
Why pay CNAC?	6.2
The Account Representatives (AR) and Portfolio Managers	6.2
Account Representative behavior – Prohibited Practices	6.3
BEST PRACTICE: Account Representative behavior	6.3
STANDARD: Equal Credit Opportunity Act (ECOA) and Regulation B	6.3
STANDARD: Account Representative (Collector) payments	6.3
Desired AR behavior	6.4
BEST PRACTICE: Scheduling the payment	6.4
Initiating customer contact – the welcome call	6.4
BEST PRACTICE: Initial call to the customer (after the sale)	6.4
i-Leverage	6.5
The collections tab in Discover	6.5
Accessing the collections tab	6.5
General description of filtering customer accounts	6.6
Maneuvering in the collection module – filters screen	6.11
Account screen orientation	6.12
PROCEDURE: Printing notes from the customer's collection screen	6.22
PROCEDURE: Adding a note	6.23
BEST PRACTICE: Computer "Notes"	6.24
PROCEDURE: Enter a promise to pay not related to an incoming or outgoing telephone call	6.24
PROCEDURE: Entering and removing a follow up action for an account	6.26
Maneuvering in the collection module – customer account screens	6.52
Maneuvering in the collection module – short cut keys	6.54
Contacting the customer	6.54
The Daily Call Sheet	6.55
PROCEDURE: Accessing the Daily Call Sheet	6.55
The Advancement Genie	6.57
The collection call	6.58
STANDARD: Account confidentiality	6.58
BEST PRACTICE: Documenting proof for delinquency	6.59
CNAC notified that a buyer/co-buyer is deceased	6.60
CNAC notified of a name change	5.60
Vehicle Service Contract – Customer requested cancellation	6.61
STANDARD: Vehicle Service Contracts	6.61
Speaking with the angry customer	6.61
Dealing with excuses/objections	6.62
Posting the Collections Boards	6.64
PROCEDURE: Posting the Delinquency Board	6.64
PROCEDURE: Posting the Collection Board	6.66
PROCEDURE: Posting the Charge-off Board	6.67
PROCEDURE: Posting the Collector Productivity Board	6.69
The collections planner	6.72
BEST PRACTICE: When to begin collecting	6.72
PROCEDURE: Accessing and using the collections planner	6.72
BEST PRACTICE: Courtesy calls	6.74
Promises to pay (PTP)	6.76
BEST PRACTICE: Promise to Pay	6.76
PROCEDURE: Recording a Promise to Pay	6.76

Page Rev. 02/24/2022

BEST PRACTICE: Broken promise to pay	6.82
Explaining the finance charge calculation	6.83
The up to date calculator feature	6.84
Automatic payments as a payment option	6.85
Payment arrangements other than promises to pay	6.86
BEST PRACTICE: Authority to make payment arrangements	6.86
BEST PRACTICE: Payment arrangements	6.86
Collection letters/forms	6.87
BEST PRACTICE: Use of collection letters	6.87
BEST PRACTICE: Content of collection letters	6.87
PROCEDURE: Generating individual collection letters/forms in Discover	6.88
PROCEDURE: Generating groups of collection letters/forms in Discover	6.91
In-office interviews	6.92
Field calls	6.93
STANDARD: Field call	6.93
Email and social networking	6.94
Processing bad checks	6.95
BEST PRACTICE: Non-sufficient fund checks	6.95
Pulling a credit bureau report	6.96
PROCEDURE: Pulling a credit report for collection purposes	6.96

**Chapter 7 – Skip Tracing**

Purpose	7.1
Who are skips?	7.1
When do I know if I have a skip?	7.1
BEST PRACTICE: Skip tracing	7.2
The purpose of skip tracing	7.2
Characteristics of the good skip tracer	7.2
Actions to avoid	7.3
Skip behavior	7.3
Who do I talk to?	7.4
PROCEDURE: Trace a skip	7.5
Sources/Resources	7.6
Searching by Social Security Number	7.7
Completing the trace	7.9
Skip prevention	7.9

**Chapter 8 – Bankruptcy**

Purpose	8.1
Overview	8.1
General actions	8.3
STANDARD: Customer contact in the event of bankruptcy	8.3
Processing a Chapter 7 bankruptcy	8.5
PROCEDURE: Processing a Chapter 7 bankruptcy	8.6
BEST PRACTICE: Bankruptcy charge offs – Chapter 7	8.15
What if a customer pays on a discharged Chapter 7 Bankruptcy?	8.17
Processing a Chapter 13 bankruptcy	8.18
PROCEDURE: Processing a Chapter 13 bankruptcy	8.20
BEST PRACTICE: Financing for customers with a previous bankruptcy that included a CNAC contract	8.28
Bankruptcy maintenance module tools	8.29

*Page Rev. 08/20/2021*

**Chapter 9 – Repossessions, Back offs, and Charge offs**

Purpose	9.1
Overview	9.1
Why does CNAC repossess?	9.1
BEST PRACTICE: Repossession	9.1
Before making a decision to repossess	9.2
BEST PRACTICE: Storing repossessed vehicles	9.2
Creditor rights	9.3
Uniform Commercial Code	9.4
Repossession of collateral – UCC 9-609	9.4
STANDARD: Self-help repossession	9.4
Using an outside repossession vendor	9.5
PROCEDURE: Set up or edit a Repossession Vendor	9.6
Forms and instructions for the repossession process	9.8
Repossession of a vehicle	9.12
PROCEDURE: Repossess a vehicle	9.12
Servicemembers Civil Relief Act of 2003 (SCRA)	9.11
Once a repossessed vehicle is returned to the lot	9.16
PROCEDURE: Processing a repossessed vehicle returned to the lot	9.17
Tracking repossessed vehicles	9.18
PROCEDURE: Locating a vehicle in the Repo Inventory using the “Repo Inventory” tab	9.19
PROCEDURE: Locating a vehicle in the Repo Inventory using the “Search” tab	9.21
After recording a repossession in Discover	9.22
PROCEDURE: Prepare paperwork after repossession	9.22
Adjust a repossession	9.24
PROCEDURE: Adjust a repossession	9.24
Liquidation of a repossession	9.26
STANDARD: Repossessed vehicles	9.26
PROCEDURE: Completing Form #11550-Explanation of Calculation of Surplus or Deficiency	9.27
Charge offs	9.30
BEST PRACTICE: Charge off	9.30
PROCEDURE: Charge off an account in Discover	9.31
BEST PRACTICE: Collateral disposition	9.32
Charge off maintenance	9.37
PROCEDURE: Charge off maintenance in Discover	9.37
Adjust charge off	9.40
PROCEDURE: Adjust a charge off	9.40
Deficiency balances	9.42
STANDARD: Finance charges on deficiency balance	9.42
STANDARD: Bad debt recovery	9.42
Back off	9.43
STANDARD: Back off	9.43
STANDARD: Refund/Return of down payment, DIP, and trade-in	9.44
PROCEDURE: Repossessing a back off vehicle	9.44
Recording the back off in Discover	9.45
PROCEDURE: Back off a deal in Discover	9.45
Adjust a back off	9.49
PROCEDURE: Adjust a back off	9.49
Mutual release	9.51

**Chapter 10 – Managing CNAC**

Purpose	10.1
Accountability	10.1
The CNAC manager's dashboard	10.2
PROCEDURE: Accessing the Manager Dashboard for CNAC	10.3
Key results	10.8
BEST PRACTICE: Monitoring key results (CNAC)	10.8
STANDARD: Maximum Finance Charge Rate	10.9
Implementing the operating system	10.11
CNAC Manager's timetable overview	10.11
Monitoring variance – reports	10.12
Monitoring variance – boards	10.15
BEST PRACTICE: CNAC Boards	10.15
CNAC compliance checklist	10.19
BEST PRACTICE: Vehicle Repair Installment Contracts	10.19
Franchising's national compliance program	10.20
STANDARD: Compliance Audits	10.20
An internal audit program	10.21
Considerations when hiring a vendor	10.21
Red Alerts	10.22
Customer service	10.26
PROCEDURE: Handling customer concerns	10.27
Online reputation management - customer satisfaction	10.29
Gramm-Leach-Bliley Privacy Act	10.30
STANDARD: Gramm-Leach-Bliley Privacy Act requirements	10.30
STANDARD: Sharing customer information	10.30
Customer Information Security Plan	10.30
BEST PRACTICE: CNAC security	10.30
BEST PRACTICE: Security system	10.30
Red Flag Program	10.31
Adding an individual to a contract	10.32
PROCEDURE: Executing a Guaranty Agreement	10.32
Credit bureau reporting	10.33
STANDARD: Credit professional	10.33
PROCEDURE: Credit bureau actions other than reported automatically by Discover	10.34
Handling credit bureau disputes	10.37
Updating an account for payment arrangements other than promises to pay (PTP)	10.39
PROCEDURE: Account updates for payment arrangements other than PTP	10.39
Customer 1099-C's	10.42
Judgments other than bankruptcies including garnishment	10.43
PROCEDURE: Recording a garnishment or judgment other than bankruptcy	10.45
Collateral exchange	10.49
PROCEDURE: Collateral exchange	10.49
Reduced Gross Rule	10.53
Supervising underwriting	10.58
Changing an underwriter on a deal	10.59
PROCEDURE: Changing an underwriter on a deal	10.59
Assigning account representatives to accounts	10.61
BEST PRACTICE: Allocation of accounts to Account Representatives (AR)	10.61
PROCEDURE: Reassigning customer accounts when an Account Representative (AR) resigns	10.61

Page Rev. 08/20/2021

PROCEDURE: Reassigning an individual account to a different Account Representative (AR)	10.63
PROCEDURE: Assigning a batch of accounts to an Account Representative (AR)	10.65
PROCEDURE: Assigning accounts by type to an Account Representative (AR)	10.66
PROCEDURE: Assigning or re-assigning Account Representative (AR's) to a manager	10.69
Transferring accounts to a department or outside vendor	10.69
PROCEDURE: Transferring accounts	10.71
Managing Account Representatives' performance	10.74
STANDARD: Account Representative (Collector) payments	10.74
PROCEDURE: Reviewing CNAC accounts using Account Review feature	10.75
Monitoring collection calls	10.77
Managing cash receipts	10.78
Establishing the ability to accept web based credit card payments	10.79
Managing reoccurring credit card payments in Discover	10.80
PROCEDURE: Setting up, editing, and cancelling a reoccurring credit card payment.	10.80
Administration and communication	10.84
BEST PRACTICE: Credit cards	10.84
BEST PRACTICE: Forms approval	10.86
Managing Print Shop (Lob)	10.87
Collateral Protection Insurance (CPI)	10.90
PROCEDURE: Collateral Protection Insurance Auto Refund	10.91
Safety	10.96
<i>Ebyrider.com</i>	10.97
Location set up options for ARE Customization	10.98

## Chapter 11 – Leading the CNAC Staff

Purpose	11.1
The manager as a leader	11.1
Creating a winning environment	11.2
Hiring the “right” people	11.3
Onboarding	11.5
Training the staff	11.6
PROCEDURE: Determining training needs	11.7
OnTrack reporting	11.9
Training for CNAC personnel	11.10
Setting goals	11.11
Building the CNAC team	11.12
The manager as a coach	11.14
Motivating the staff	11.15
Empowerment	11.16
Conducting meetings – General Guidance	11.17
PROCEDURE: Conduct a meeting	11.17
Promoting effective communications	11.18
Managing time	11.19
Personnel administration	11.21
BEST PRACTICE: Purchase of a Byrider vehicle by an employee	11.21

*Page Rev. 02/24/2022*

**Appendix A – Exhibits**

Confidentiality and Non-Disclosure Agreement	A.1a
Laws applicable to the retail sales and financing of vehicles	A.2a
Addendum to the Byrider Confidential Operating Manual (Ohio operators only)	A.3a
Addendum to Byrider Confidential Operating Manual (Kentucky operators only)	A.4a
Dealership Daily Duty Roster	A.5a
Related Finance Company (CNAC) Worksheet	A.6a
Board of Director's Consent Resolution and Exhibit A	A.7a
Agreement to Purchase Automobile Contracts	A.8a
Financing Services Agreement	A.9a
Requirements from the ECOA	A.10a
Byrider Franchising Forms Program	A.11a
Limited Warranty Coverage (Repairs Covered)	A.12a
Maximum Finance Charge Rate worksheet	A.13a
Servicemembers Civil Relief Act (SCRA)	A.14a
Byrider Deal Jacket Checklist	A.15a
CNAC Deal Jacket Checklist	A.16a
Collection abbreviations	A.17a
Field Call Log	A.18a
Skip Sheet	A.19a
Legal terms associated with bankruptcy	A.20a
Reaffirmation Agreement (October, 2005 Bankruptcy Law)	A.21a
Proof of Claim	A.22a
CNAC Repossession Checklist	A.23a
CNAC Inventory of Personal Items	A.24a
Katz, Sapper & Miller letter: Reporting Discharge of Indebtedness Under I.R.C. 6050P	A.25a
Customer 1099-C cover letter	A.26a
Collection Call Monitoring form	A.27a
Predictive Index (PI) Survey	A.28a
What can and can't I ask in an interview	A.29a
Non-Competition Agreement	A.30a
Intentionally left blank	A.31a
Byrider/CNAC Anti-Money Laundering Plan	A.32a
Byrider/CNAC Whistleblower Policy	A.33a
Byrider/CNAC Fair Credit Policy & Acknowledgement	A.34a
Byrider/CNAC Red Flag and Identity Theft Program	A.35a
Gramm Leach Bliley Act Chief Privacy Officer Guide	A.36a
Buyer's Auction Log	A.37a
Inventory Log Book	A.38a
Byrider Vehicle Categories	A.39a
Comprehensive Inspection Requirements	A.40a
Vehicle Lot Ready Report	A.41a
This Vehicle Not for Sale sign	A.42a
Notice of Incompleteness letter	A.43a
Daily Driving Log	A.44a
Shop Maintenance Schedule	A.45a
Medical Supply Order Form	A.46a
Service Safety Meeting	A.47a
New Vehicle Check In Sheet	A.48a
Vehicle Repair Installment Contract	A.49a

*Page Rev. 12/06/2019*

Item Code List	A.50a
Item Codes Covered Under Limited Warranty	A.51a
Solutions By Text Instructions	A.52a
CNAC.com Job Aid-Applicable for Locations Using 3Delta or ACI	A.53a
Credit Reporting Training Manual	A.54a

**Appendix B – Standards and Best Practices**

Standards	B.1
Best practices	B.13

**Glossary**



## TABLE OF CONTENTS

---

---

**INTRODUCTION**

---

---

**REPORTS IN ALPHABETICAL ORDER**

---

---

**GLOSSARY**

---

**PAGE INTENTIONALLY LEFT BLANK**

*Reformatted 03/31/2009*

## **BYRIDER/CNAC REPORTS – TABLE OF CONTENTS**

<b>Introduction</b>	
Purpose.....	1.1
Receipt	1.1
How to contact us	1.1
Copyright protection	1.1
Notices regarding sharing of information and hiring of employees	1.2
STANDARD: Protection of Byrider proprietary marks	1.2
STANDARD: Confidentiality and Non-disclosure Agreement	1.2
Byrider organizational models	1.3
Legal notices	1.4
Sworn Statement of Responsibility and Confidentiality	1.5
How to use this manual	1.7
STANDARD: Customers signing blank forms	1.7
PROCEDURE: Layout of procedures in Byrider manuals	1.7
BEST PRACTICE: Courtesy calls	1.8
Position titles	1.8
Manual components	1.8
Training and the manual	1.9
Revisions	1.9
Business licenses	1.9
Compliance Management System (CMS)	1.10
STANDARD: Compliance Management Systems	1.10
STANDARD: Compliance training	1.10
STANDARD: Complaint response	1.11
BEST PRACTICE: Consumer relations representative	1.12
Standards in conflict with laws and/or regulations	1.12
BEST PRACTICE: Standards in conflict with laws and/or regulations	1.12
Discover security	1.13
Reporting	1.14
Finding a Discover report	1.15
PROCEDURE: Finding a Discover report using “Your Top 10”	1.15
PROCEDURE: Finding a Discover report using “Help Me Find A Report”	1.17
Printing Discover Reports	1.19
PROCEDURE: Printing Discover reports	1.19
Saving a Discover report as an Excel spreadsheet	1.20
PROCEDURE: Saving a Discover report as an Excel file	1.20
Reports usage by position	1.21

### **A's**

Account Activity Report	A.3
Account Origination Report	A.5
Accounts Receivable Report	A.7
Accrued Interest Report	A.11
ACH Account Report	A.15
ACH Collection Projections	A.19
ACH Loan Report – See ACH Account	
Acknowledgement of Goodwill Service – See Service Order/Checklist	
Activity Report	A.21
Advancement Board – See Customer Advancement Board	
Aging Writedown Report	A.25
ALL Letters (CNAC)	A.29

PROCEDURE: Using the ALL Letter report (CNAC)	A.29
	Page Rev. 02/24/2022
ALL Letters (Byrider Sales)	A.33
PROCEDURE: Using the ALL Letter report (Byrider Sales)	A.33
AMS reports series – See CSI reports series	
Application Results Report	A.37
Approved Not Sold	A.41
ARE Account Detail	A.43
ARE Application Summary Report	A.47
Asset Management-Buying Plan	A.51
Asset Management (Category Totals)	A.53
Asset Management (Make/Model)	A.55
Asset Management (Monthly Category Totals)	A.59
Asset Management (Vendor)	A.61
Assign Collectors Report	A.63
Assurance Service Contracts Sold Report	A.67
Auto Timed Payments Report	A.69

**B's**

Balancing Success Reports – See Financial Heath Reports	
Basis Report – See Customer Exposure/Basis Report	
BK Follow Up Report	B.3
BK Maintenance	B.5
Buyers Guide	B.9
Buyer's Report	B.13
Buying Plan – See Asset Management-Buying Plan	
Byrider Orangebook	B.17
PROCEDURE: Accessing the Byrider Orangebook	B.17

**C's**

Cash Board – See Collection Board	
(Vehicle Service) Cash Receipts	C.3
Charge Off Board	C.5
Charge Off Report	C.7
Charge Type Report by Tiers	C.13
Charge Type Report	C.17
CNAC Back Off Report	C.19
Cobuyer and Trade Penetration Report	C.23
Collateral Exchange Report	C.27
Collection Board	C.29
Collections Projection	C.33
Collector Productivity Board	C.37
PROCEDURE: Posting the Collector Productivity Board	C.37
Composite Comparison Report	C.41
Composites	C.43
PROCEDURE: Exporting the Composites report to Excel	C.46
Controller's List	C.57
Credit Bureau Reporting	C.61
Credit Log Report	C.63
CreditMax Transfer Report	C.65
Critical Months Summary	C.67
Critical Months Summary By Risk	C.71
CSI reports – also see Podium Report	
CSI Completed Calls Detail	C.75

CSI Results and Score	C.77
CSI Results Breakdown	C.79
	<i>Page Rev. 01/29/2021</i>
Cumulative Loss	C.81
Cumulative Loss by Risk	C.85
Cumulative Loss Gradient – See Cumulative Loss	
Current Status Report	C.89
Customer Advancement Board	C.93
Customer Delinquency Report	C.97
Customer Exposure/Basis Report	C.103
Customer Follow Up Report	C.107
Customer Ledger Report	C.109
Customer Notes (CNAC)	C.111
Customer Notes (Sales)	C.115
Customer Number Cross Reference	C.117
Customer Receipt – See Service Order/CheckList	
Customer Satisfaction Index – See AMS reports	
Customer Service Index – See AMS reports	
Customer Refund Report	C.119
Customer Statement (CNAC & Byrider)	C.121
Customer (Account) Statements	C.123

**D's**

Daily Account Reconciliation	D.3
Daily Call Sheet	D.5
Daily Cash Receipts Report	D.9
Daily Operating Control Report	D.15
Daily Payments Board	D.17
Daily Stats – See Service Daily Measures Report	
Deal Review Report	D.21
Deals Not Assessed	D.23
Deficiency Letter	D.25
PROCEDURE: Printing deficiency letters	D.28
Delinquency Board	D.31
Delinquency by Tier	D.35
Delinquency Charts	D.39
Delinquency Summary	D.41
Detailer CheckList – See Service Order/CheckList	
Discount Earnings Report	D.43
Discount Report	D.47
DOC Report – See Daily Operating Control Report	
Do Not Call List Report	D.48

**E, F, and G's**

Edit Summary	E.3
Exchange of Collateral – See Substitution of Collateral	
Finance NSF Report	E.5
Financed Sales	E.9
Financial Health Reports	E.13
Financing Floor Plan Report	E.17
Finance Lot Operating Statement (FLOS) – See Operating Statements	
First Indiana Bank Floor Plan Summary	E.19
First Payment Default	E.21
FLOS – See Operating Statements	
Full Collection Note Review	E.21

Garnishment Report	E.25
Graduation Report	E.27

*Page Rev. 01/29/2021*

**H's**

Highest Risk Deals	H.3
Historic Delinquency	H.5
Historical Incremental and Cumulative Loss Report – See Historical Loss	
Historical Incremental and Cumulative Principal and Interest Report – See Historical Principal and Interest	
Historical Loss	H.7
Historical Principal and Interest	H.9
Historical Status Report	H.11

**I, J, and K's**

Incremental Loss Curve – See Delinquency Charts Report	
Insurance Status	I.3
Inventory Control Board	I.5
Byrider Acknowledgement of Goodwill Service – See Service Order/CheckList	
Inventory Control Report-Total Inventory	I.9
KPI Report	I.11

**L's**

Labor Credit Report	L.3
Loan Loss Performance	L.5
Loan Number Cross Reference	L.9
Loan Origination Report – See Account Origination Report	
Loss Curve – See Delinquency Charts Report	
Loss Reserve Summary	L.11
Loss Reserve Summary By Risk	L.15
Lot Comparison	L.19

**M and N's**

Mechanic Activity	M.3
Mechanic's CheckList – See Service Order/CheckList	
Monthly Deal Structures	M.7
Motivator Board (Sales) – See Chapter 11 in the Sales Operations manual	
Motivator Board – See Service Control Board	
New Vehicle Checkin and Print New Vehicle Checkin	M.13
New Vehicle Checkin Sheet – See New Vehicle Checkin and Print New Vehicle Checkin	
NOA Exception Report	M.17
NonFinanced Sales Tax	M.17

Not Bought In Inventory  
NSF – See Sales NSF Report, Service NSF Report, or Finance NSF Report

M.19

*Page Rev. 01/29/2021*

**O's**

One Page Composites (See Composites)	O.3
One Page Composite Comparison Report – See Composite Comparison Report	
Operating Control Report – See Daily Operating Control Report	
Operating Statements	O.15
Orangebook – See Byrider Orangebook	
Outstanding Repo Fees	O.19
Outstanding WIP Report	O.21

**P and Q's**

Paid Out Accounts	P.3
Parts Activity	P.7
Parts Inventory Report	P.9
Parts Inventory Report (New)	P.11
Payment Activity Report	P.13
Peek.CNAC.com	P.15
Plan of Action Report	P.17
Podium Results Report (also see CSI Reports)	P.19
Policy/Warranty Breakdown	P.21
Projection Model	P.25
Promise to Pay	P.31
Promise to Pay 3-Day Report	P.35
Push Back Report	P.37

**R's**

Recent Notes	R.3
Recon Timeline Details	R.5
Red Alert Activity Report	R.9
Reference count Report	R.14
References List	R.16
Report Usage	R.18
Repo Status	R.20
Repossession Report	R.24
Royalty Report	R.29
Run Off Report	R.31

*Page Rev. 04/10/2020*

**S's**

Sales Back Off	S.3
Sales Back Off by Tiers	S.5
Sales Cash Receipts	S.7
Sales Control Activity Report – See Activity Report	
Sales Control Communications Report	S.9
Sales Control Phone Call Report – See SC Phone Call Report	
Sales Control SpotLight Report	S.11
Sales Control SpotLight Report – Show Lot Traffic	S.15
Sales Control SpotLight Report – Show Lead Type	S.17
Sales Control SpotLight Report – Show Advertising	S.20
Sales Control SpotLight Report – Show Sales Person Activity	S.23
Sales Control SpotLight Report – Show Underwriting	S.25
Sales Control SpotLight Report – Show DashBoard	S.28
Sales Control SpotLight Report – Customer Step Rollup	S.47
Sales Discount Report	S.49
Sales Funnel	S.53
Sales Journal	S.57
Sales Journal Tiers	S.61
Sales Lot Operating Statement (SLOS) – See Operating Statements	
Sales Lot Posting Report	S.63
Sales Motivator Board – See Chapter 11 of the Sales Operations manual	
Sales NSF Report	S.65
Sales Standing Board	S.69
Salesperson Inventory Report	S.73
SC Phone Call Report	S.75
Service Appointments	S.77
Service Cash Receipts - See – Cash Receipts	
Service Control Board	S.79
Service Daily Measures Report	S.83
Service Department Control Board	S.85
Service Deposit Report	S.87
Service Operating Statement – See Operating Statements	
Service Motivator Board – See Service Control Board	
Service Notes	S.89
Service NSF Report	S.91
Service Operating Statement – See Operating Statements	
Service Return Visit Report	S.95
Skittles - See Daily Payments Board	
SLOS – See Operating Statements	
Spotlight Report – See Sales Control SpotLight Report	
Static Back Off by Tier	S.99
Static Pool Monthly Analysis (description/analysis of Static Pool)	S.101
Static Pool Charge Off Analysis Report	S.115
Static Pool Pivot Chart	S.117
Static Pool Report	S.121
Substitution Of Collateral Report – See Collateral Exchange Report	
Survey Reports – see CSI Reports and Podium Report	



**T's**

Tax Reconciliation Report	T.3
Three Circles Reports – See Financial Health Reports	
Title Tracking Report	T.5

**U's**

Underwriter Comparison	U.3
Unworked Delinquent Accounts	U.5

**V's**

Vehi(cle) Inventory Service Summary	V.3
Vehicle Insurance Report New	V.9
Vehicle Inventory Report	V.13
Vehicle Lot Ready Report – See Sales Ops manual, page A.18a	
Vehicle Service Cash Receipts – See Cash Receipts	
Vehicle Service Detail Posting	V.17
Vehicle Service Repair Orders	V.19
Vehicle Service Reports 3	V.27
Vehicle Sublet Status	V.27
Vendor Performance Report	V.29
VIN Search (system-wide)	V.33

**W's**

Welcome Calls Report	W.3
Whole Sale Journal Report	W.5
WIP Report – See Outstanding WIP Report	
Working Repair Order (WRO) – See Service Order/CheckList	
Write Off Report	W.7

**X, Y, and Z's**

Your Letters (CNAC/JDB)	X.3
-------------------------	-----

**Glossary**



**PAGE INTENTIONALLY LEFT BLANK**

*Reformatted 03/31/2009*

## TABLE OF CONTENTS

---

INTRODUCTION	1
FRANCHISE OPERATIONS OVERVIEW	2
SERVICE DEPARTMENT OVERVIEW	3
SAFETY AND THE ENVIRONMENT	4
SHOP SET UP	5
SHOP INVENTORY	6
RECONDITIONING VEHICLES FOR THE SALES LOT	7
CUSTOMER SERVICE AND CUSTOMER REPAIR ORDERS	8
RECONDITIONING VEHICLES FOR THE AUCTION	9
MANAGING THE SERVICE DEPARTMENT	10
LEADING THE SERVICE DEPARTMENT STAFF	11
APPENDIX A - EXHIBITS	
APPENDIX B – STANDARDS AND BEST PRACTICES	
GLOSSARY	

PAGE INTENTIONALLY LEFT BLANK

**SERVICE OPERATIONS – TABLE OF CONTENTS****Chapter 1 – Introduction**

Purpose.....	1.1
Receipt	1.1
How to contact us	1.1
Copyright protection	1.1
Notices regarding sharing of information and hiring of employees	1.2
STANDARD: Protection of Byrider proprietary marks	1.2
STANDARD: Confidentiality and Non-disclosure Agreement	1.2
Byrider organizational models	1.3
Legal notices	1.4
Sworn Statement of Responsibility and Confidentiality	1.5
How to use this manual	1.7
STANDARD: Customers signing blank forms	1.7
PROCEDURE: Layout of procedures in Byrider manuals	1.7
BEST PRACTICE: Courtesy calls	1.8
Position titles	1.8
Manual components	1.8
Training and the manual	1.9
Revisions	1.9
Business licenses	1.9
Compliance Management System (CMS)	1.10
STANDARD: Compliance Management Systems	1.10
STANDARD: Compliance training	1.10
STANDARD: Complaint response	1.11
BEST PRACTICE: Consumer relations representative	1.12
Standards in conflict with laws and/or regulations	1.12
BEST PRACTICE: Standards in conflict with laws and/or regulations	1.12
Discover security	1.13
Reporting	1.14
Finding a Discover report	1.15
PROCEDURE: Finding a Discover report using “Your Top 10”	1.15
PROCEDURE: Finding a Discover report using “Help Me Find A Report”	1.17
Printing Discover Reports	1.19
PROCEDURE: Printing Discover reports	1.19
Saving a Discover report as an Excel spreadsheet	1.20
PROCEDURE: Saving a Discover report as an Excel file	1.20
Reports usage by position	1.21

**Chapter 2 – Franchise Operations Overview**

Purpose	2.1
The Service Department mission	2.1
The Byrider Franchising Purpose	2.1
Byrider Franchising Purpose Statement	2.1
The Byrider Franchising Values	2.2
STANDARD: Code of Ethics	2.2
Typical customer	2.3
What makes us different?	2.3
Treatment of the customer	2.4
Byrider Franchising Value #1	2.4
Byrider Franchising Value #2	2.4
STANDARD: Prohibition against customer abuse	2.4
BEST PRACTICE: Appearance	2.4
Customer expectations	2.5
Tradition Byrider franchise structure	2.6
STANDARD: Separation of Byrider and CNAC	2.6
Customer advancement	2.6
Retail Sales & Finance Platform (RSP)	2.7
The Warranty/Vehicle Service Contract	2.8
STANDARD: Vehicle Service Contracts	2.8
STANDARD: Warranty and service contracts	2.8
Optional GPS Service Contract	2.9
Byrider service personnel objectives	2.10
Byrider software applications	2.10
Opening more than one window in Discover	2.14
PROCEDURE: Opening more than one application at a time in Discover	2.14
JDB Shortcut Portal aka Discover Portal	2.15

*Page Rev. 02/24/2022*

**Chapter 3 – Service Department Overview**

Purpose	3.1
Customer advancement	3.1
STANDARD: Warranty and service contracts	3.1
The vehicle inventory management process	3.2
Reconditioning vehicles in preparation for wholesaling	3.4
Communications with Store Manager	3.5
BEST PRACTICE: Maintenance of the Inventory Control Board in the Sales Department	3.5
Communications with Controller	3.7
Communications with the Buyer	3.8
STANDARD: Mileage and age of vehicles offered for retail sale	3.8
STANDARD: Title status of vehicles	3.8
The service technician's responsibilities	3.10

**Chapter 4 – Safety and the Environment**

Purpose	4.1
Why is environmental compliance important?	4.1
Customer safety	4.1
Emergency Action Plan (EAP)	4.2
Safety Data Sheets (formerly MSDS)	4.2
Signage	4.3
Safety and your equipment	4.4
PROCEDURE: Lockout of equipment for maintenance	4.5
Safety meeting	4.6
Shop cleanup and maintenance	4.6
Pollution prevention	4.7
Other environmental regulations	4.8

**Chapter 5 – Shop Set Up**

Purpose	.5.1
New store opening – physical space considerations	5.1
BEST PRACTICE: On-site service	5.1
New store opening – tools and equipment considerations	5.2
New store opening – staffing considerations	5.3
Computing standard labor cost for the Service Department and hours available for customer appointments	5.5
Billing actual clocked time vs. a flat rate	5.8
Uniforms	5.10
BEST PRACTICE: Appearance	5.10
Borrowed vehicles	5.10
Hours of operation	5.11
How do you decide whether or not to sublet?	5.12
The advantages of using Dealer Services	5.13
Fixed price jobs	5.14
Shop jobs	5.15
PROCEDURE: Shop Job set up and modification	5.15
Expediting work assignments in the Service Department – bin system	5.17



**Chapter 6 – Shop Inventory (Parts, consumables, and shop supplies)**

Purpose	6.1
Pros and cons of bulk fuel inventory	6.1
BEST PRACTICE: Fuel storage	6.1
In-house parts inventory strategies	6.2
BEST PRACTICE: In-house parts inventory	6.2
Purchase orders when an outside vendor sources parts	6.3
Choosing vendors and managing pricing	6.4
BEST PRACTICE: Vendor contracts and service lines of credit	6.5
BEST PRACTICE: Parts and supplies ordering	6.5
BEST PRACTICE: Parts and supplies deliveries	6.5
Shop and detailer's supplies	6.6
Pros and cons of bulk fluids	6.7
Accounting for bulk fluids	6.8
Updating prices for non-inventory bulk fluids	6.11
PROCEDURE: Changing prices on bulk non-inventory items	6.11
Adding a new part to inventory	6.13
PROCEDURE: Adding a part to inventory	6.13
Updating/correcting part inventory data	6.16
PROCEDURE: Changing an existing part in inventory	6.16
Active/Inactive parts	6.19
PROCEDURE: Changing parts from "Active" to "Inactive" and "Inactive" to "Active"	6.19
Purchase orders (PO's)	6.21
BEST PRACTICE: Purchase orders	6.21
Ordering parts for inventory	6.22
BEST PRACTICE: Credit cards	6.22
PROCEDURE: Checking for stocked parts that should be ordered	6.23
PROCEDURE: Ordering parts for inventory	6.24
Receiving inventoried parts	6.32
PROCEDURE: Receiving inventory and reconciling the purchase order	6.33
Reopening a purchase order (PO)	6.40
PROCEDURE: Reopening a purchase order (PO)	6.40
Credits/returns/cores	6.42
Tracking JIT parts to be returned	6.43
PROCEDURE: Processing returns/credits for inventoried items and JIT parts	6.44
PROCEDURE: Tracking cores using the core log and Discover	6.47
Controlling the inventory	6.52
BEST PRACTICE: Parts inventory	6.52
PROCEDURE: Physical inventory of in house parts inventory, cores, and JIT's inventory	6.54
Purchase orders for sublet work	6.58
BEST PRACTICE: Purchase orders	6.58
BEST PRACTICE: Purchase order book	6.58
Finding a purchase order	6.59
PROCEDURE: Using the super search POs feature	6.59

<b>Chapter 7 – Reconditioning Vehicles for the Sales Lot</b>	
Purpose	.7.1
Check in	7.1
BEST PRACTICE: Deal Jackets	7.1
BEST PRACTICE: New Vehicle Check In Sheet	7.1
Key control for sales lot vehicles	7.2
BEST PRACTICE: Keys for vehicles	7.2
Mechanic's CheckList	7.3
STANDARD: Reconditioning of vehicles	7.3
PROCEDURE: Completing the Mechanical Checklist (Mechanic's CheckList)	7.6
The recon decision	7.7
BEST PRACTICE: Repair approval	7.7
Processing a rejected vehicle	7.8
Tracking the repair order status of any vehicle	7.9
PROCEDURE: Using the repair order search features	7.9
Processing a vehicle accepted for recon	7.11
PROCEDURE: Creating an estimate for reconditioning a sales lot vehicle	7.12
PROCEDURE: Creating a purchase order (PO) for parts included on an estimate	7.22
PROCEDURE: Receiving JIT parts and reconciling purchase order(s)	7.24
PROCEDURE: Viewing a closed purchase order (PO)	7.32
PROCEDURE: Reopening a closed purchase order (PO)	7.33
PROCEDURE: Completing reconditioning service work	7.35
BEST PRACTICE: Repair Orders	7.35
Detailing	7.40
PROCEDURE: Detailer's CheckList	7.40
Vehicle merchandising	7.44
BEST PRACTICE: Fuel in vehicle tank	7.44
Closing a reconditioning locked estimate	7.45
PROCEDURE: Closing a recon repair order (RO)	7.45
Turning over a vehicle to sales	7.50
PROCEDURE: Transition of vehicle from recon to sales	7.50
Reopening a closed recon order	7.52
PROCEDURE: Re-opening a closed recon repair order	7.53
Viewing the progress of re-opened repair orders	7.55
PROCEDURE: Re-opening a closed recon invoice/working repair order	7.55
Viewing a closed, sales lot vehicle repair order	7.56
PROCEDURE: Viewing a closed repair order for a sales lot vehicle	7.56
Repairs after a vehicle is placed on the lot	7.58
PROCEDURE: Opening a reconditioning repair order (RO) after the initial RO has been closed	7.58
<b>Byrider SERVICEPRO – Under construction</b>	7.61



**Chapter 8 – Customer Service and Customer Repair Orders**

Purpose	8.1
Answering incoming calls	8.1
BEST PRACTICE: Incoming telephone calls	8.1
Communication with the customer	8.2
STANDARD: Prohibition against customer abuse	8.2
STANDARD: Account confidentiality	8.2
STANDARD: Equal Credit Opportunity Act (ECOA) and Regulation B	8.2
BEST PRACTICE: Computer “Notes”	8.2
BEST PRACTICE: Offering a service or benefit	8.3
Customer Service Hotline	8.4
Tracking the repair order status of any vehicle	8.5
PROCEDURE: Using the repair order search features	8.5
Entering the Vehicle Service section of the Vehicle Module	8.7
PROCEDURE: Accepting the backoff of MDips and returning JIT parts	8.7
Vehicle Service Contract (VSC) – Towing/rental car reimbursement	8.8
Vehicle Service Contract (VSC) – Customer requested cancellation	8.8
STANDARD: Vehicle Service Contracts	8.8
Overview of the process for repair of a customer’s vehicle	8.9
Making the appointment	8.10
STANDARD: Cash deals	8.10
BEST PRACTICE: Service appointment calendar	8.11
PROCEDURE: Scheduling an appointment in Discover	8.12
PROCEDURE: Scheduling an appointment for a customer/vehicle not in Discover	8.22
Confirming appointments	8.24
BEST PRACTICE: Confirming appointments	8.24
Canceling or rescheduling a customer’s appointment	8.25
PROCEDURE: Rescheduling an appointment	8.26
PROCEDURE: Canceling an appointment	8.31
When the customer arrives with their vehicle	8.33
PROCEDURE: When customer arrives without an appointment (Fixed Price Job)	8.34
PROCEDURE: When customer arrives without an appointment (NOT a Fixed Price Job)	8.39
PROCEDURE: When customer arrives for a previously scheduled appointment with vehicle	8.41
BEST PRACTICE: Service work in progress	8.42
Performing service on a customer’s vehicle	8.43
BEST PRACTICE: Same day vehicle service	8.43
BEST PRACTICE: Estimates for customer repair orders	8.43
PROCEDURE: Diagnosis of problem and assessment of parts and labor required for job	8.43
PROCEDURE: Creating a cost estimate for a customer service order aka repair order (RO)	8.44
PROCEDURE: Accepting a customer’s deposit on a repair order	8.57
PROCEDURE: Selecting parts for a customer RO	8.61
PROCEDURE: Creating a purchase order (PO) for JIT parts or cores for inventoried parts	8.63
PROCEDURE: Receiving JIT parts and reconciling purchase order(s)	8.65
PROCEDURE: Locking a service estimate (WRO-working repair order)	8.74
PROCEDURE: Performing and completing work on a customer’s vehicle	8.77
BEST PRACTICE: Repair orders	8.79
Payment options for repair work	8.80
BEST PRACTICE: Recording amount of goodwill/policy	8.80
STANDARD: Warranty and service contracts	8.81

	<i>Page Rev. 02/24/2022</i>
Customer pickup of their vehicle	8.83
BEST PRACTICE: Quality control inspection	8.83
BEST PRACTICE: Customer repair orders	8.83
PROCEDURE: Closing a customer's repair order (RO)	8.84
STANDARD: Customers signing blank forms	8.95
Handling cash	8.97
Mechanical DIP's	8.97
BEST PRACTICE: Vehicle Repair Installment Contracts	8.97
Labor credits	8.98
PROCEDURE: Labor Credit – Customer's Repair Order	8.98
PROCEDURE: Processing a labor credit (LABOR for replacing a defective part)	8.99
PROCEDURE: Processing a part under manufacturer's warranty - recommended	8.104
PROCEDURE: Processing a part under manufacturer's warranty – alternative	8.105
PROCEDURE: Reopening a Labor Credit	8.107
Reopening a closed invoice (WRO)	8.109
PROCEDURE: Re-opening a closed customer invoice/working repair order (no MDip)	8.109
PROCEDURE: Re-opening a closed customer invoice/working repair order WITH an MDip	8.113
Viewing the progress of re-opened repair orders	8.113
PROCEDURE: Tracking reopened repair order	8.113
Viewing a closed customer invoice/repair order	8.114
PROCEDURE: Viewing a closed customer invoice/repair order	8.114
Customer concerns	8.117
PROCEDURE: Handling customer concerns	8.118
STANDARD: Complaint Response	8.120
BEST PRACTICE: Consumer Relations Representative	8.120
Creating a Red Alert	8.121
Customer service programs	8.122
STANDARD: Advertising	8.122

### **Chapter 9 – Reconditioning Vehicles for the Auction**

Purpose	.9.1
Reconditioning for vehicles repossessed by CNAC	9.1
STANDARD: Repossessed vehicles	9.2
PROCEDURE: Reconditioning of repossessed vehicles	9.3
BEST PRACTICE: Storing repossessed vehicles	9.5
BEST PRACTICE: Repair orders	9.5
Reconditioning of vehicles purchased for sales lot and rejected	9.6
PROCEDURE: Reconditioning of purchased vehicles rejected for reconditioning for sales lot	9.6
Reconditioning of trade-ins	9.9
BEST PRACTICE: Age of trade-in vehicle inventory	9.9
PROCEDURE: Reconditioning of trade-in vehicles	9.9
Bulk upload of wholesale vehicles	9.14
PROCEDURE: Bulk upload of wholesale vehicles	9.14

*Page Rev. 02/24/2022*

**Chapter 10 – Managing the Service Department**

Purpose	10.1
Service Department management overview	10.1
Managing by walking around	10.1
Service Manager's Timetable Overview	10.2
Setting up the Service Department in Discover	10.3
STANDARD: Reconditioning of vehicles	10.3
The Vehicle Service Dashboard	10.6
Red Alerts	10.14
The Dispatch Board	10.18
The Recon Control Board	10.19
Printing daily appointment sheet	10.20
PROCEDURE: Printing daily appointments from Discover	10.21
Monitoring parts and work in the Service Department	10.23
Processing bad checks for vehicle service work and MDip payments	10.24
PROCEDURE: Posting a vehicle service NSF	10.24
PROCEDURE: Posting a customer's payment for a vehicle service NSF	10.26
Monitoring bad checks for vehicle service work and MDip payments	10.29
PROCEDURE: Printing the Vehicle Service Detail Posting report	10.29
PROCEDURE: Printing the Service NSF Report for the Vehicle Service Department	10.31
Monitoring key results	10.33
BEST PRACTICE: Monitoring Key Results (Byrider Service)	10.33
Inventory Control Board	10.33
Recording Service Department goals in Discover	10.35
PROCEDURE: Entering Service Department goals in Discover	10.38
BEST PRACTICE: Service boards	10.38
Service Department Control Board	10.39
PROCEDURE: Printing Service (Department) Control Board	10.39
Service Motivator Board	10.41
Charge Type Report	10.44
PROCEDURE: Printing the Charge Type Report	10.44
Vehicle Service detail posting	10.46
Composites report	10.49
PROCEDURE: Printing the Composites report	10.49
BEST PRACTICE: Purchase of a Byrider vehicle by an employee	10.50
Entering time for service technicians	10.50
Evaluating mechanics' time	10.53
Communicating performance	10.54
Online reputation management – customer satisfaction	10.55
Evaluating customer satisfaction – beyond the basics	10.56
Orangebook	10.56
PROCEDURE: Accessing the Orangebook	10.56
Extending warranties/service contracts	10.58
PROCEDURE: Extend a warranty (or service contract)	10.58
<i>Ebyrider.com</i>	10.61
Other websites	10.63
National compliance program	10.64
STANDARD: Compliance Audits	10.64
An internal audit program	10.65
Red Flag Program	10.65
Considerations when hiring a vendor	10.66



**Chapter 11 – Leading the Service Department Staff**

Purpose	11.1
The manager as a leader	11.1
Creating a winning environment	11.2
Hiring the “right” people	11.3
Onboarding	11.5
Training the staff	11.6
PROCEDURE: Determine training needs	11.7
OnTrack reporting	11.10
Setting goals	11.12
Building the Byrider team	11.13
The manager as a coach	11.16
Motivating the staff	11.17
Empowerment	11.18
Conducting meetings – general guidelines	11.19
PROCEDURE: Conduct a meeting	11.19
Promoting effective communications	11.20
Managing time	11.21
Personnel administration	11.23

**Appendix A – Exhibits**

Confidentiality and Non-Disclosure Agreement	A.1a
Laws applicable to the retail sales and financing of vehicles	A.2a
Addendum to the Byrider Confidential Operating Manual (Ohio operators only)	A.3a
Addendum to Byrider Confidential Operating Manual (Kentucky operators only)	A.4a
Dealership Daily Duty Roster	A.5a
Related Finance Company (CNAC) Worksheet	A.6a
Board of Director's Consent Resolution and Exhibit A	A.7a
Agreement to Purchase Automobile Contracts	A.8a
Financing Services Agreement	A.9a
Requirements from the ECOA	A.10a
Byrider Franchising Forms Program	A.11a
Limited Warranty Coverage (Repairs Covered)	A.12a
Maximum Finance Charge Rate worksheet	A.13a
Servicemembers Civil Relief Act (SCRA)	A.14a
Byrider Deal Jacket Checklist	A.15a
CNAC Deal Jacket Checklist	A.16a
Collection abbreviations	A.17a
Field Call Log	A.18a
Skip Sheet	A.19a
Legal terms associated with bankruptcy	A.20a
Reaffirmation Agreement (October, 2005 Bankruptcy Law)	A.21a
Proof of Claim	A.22a
CNAC Repossession Checklist	A.23a
CNAC Inventory of Personal Items	A.24a
Katz, Sapper & Miller letter: Reporting Discharge of Indebtedness Under I.R.C. 6050P	A.25a
Customer 1099-C cover letter	A.26a
Collection Call Monitoring form	A.27a
Predictive Index (PI) Survey	A.28a
What can and can't I ask in an interview	A.29a
Non-Competition Agreement	A.30a
Page intentionally left blank	A.31a
Byrider/CNAC Anti-Money Laundering Plan	A.32a
Byrider/CNAC Whistleblower Policy	A.33a
Byrider/CNAC Fair Credit Policy & Acknowledgement	A.34a
Byrider/CNAC Red Flag and Identity Theft Program	A.35a
Gramm Leach Bliley Act Chief Privacy Officer Guide	A.36a
Buyer's Auction Log	A.37a
Inventory Log Book	A.38a
Byrider Vehicle Categories	A.39a
Comprehensive Inspection Requirements	A.40a
Vehicle Lot Ready Report	A.41a
This Vehicle Not for Sale sign	A.42a
Notice of Incompleteness letter	A.43a
Daily Driving Log	A.44a
Shop Maintenance Schedule	A.45a
Medical Supply Order Form	A.46a
Service Safety Meeting	A.47a
New Vehicle Check In Sheet	A.48a
Vehicle Repair Installment Contract	A.49a
Item Code List	A.50a
Item Codes Covered Under Limited Warranty	A.51a

Solutions By Text	Page Rev. 12/06/2019
CNAC.com Job Aid-Applicable for Locations Using 3Delta or ACI	A.52a
CNAC Reporting Training Manual	A.53a
	A.54a

**Appendix B – Standards and Best Practices**

Standards	B.1
Best practices	B.13

**Glossary**

*Page Rev. 12/06/2019*

**PAGE INTENTIONALLY LEFT BLANK**





## TABLE OF CONTENTS

- 1 Introduction
- 2 Accounting Management
- 3 Chart of Accounts & Research Cheat Sheet
- 4 Byrider & CNAC Balance Sheets
- 5 Byrider & CNAC Income Statements
- 6 Common General Ledger Entries
- 7 How To: Accounts Payable
- 8 How To: Bank Management
- 9 How To: General Ledger
- 10 Introduction to Dynamics Reporting
- 11 Dynamics Accounts Payable Reports
- 12 Dynamics Bank Reports
- 13 Dynamics General Ledger Reports
- 14 Daily Activities
- 15 Monthly and Yearly Activities
- 16 Reconciling
  
- Glossary

## **SALES TRAINING**

This course is designed to train new Byrider Sales personnel how to operate within the Byrider Sales and Finance Process and to reinforce skills previously learned by experienced Sales personnel. This is a hands-on course where students will role play various sales activities and practice Discover Sales Control applications.

Materials covered in the first two days of the course include: the history of Byrider and its mission and values; the relationship between Byrider and CarNow Acceptance Company (CNAC); all sales elements of the Byrider Sales and Finance Process; the use of the Sales Control module in Discover; and standards of operation that apply to the sales force.

The focus of the third day is on: inventory control; personnel management issues to include goal setting, hiring, and training; sales management daily and weekly duties; the identification and correction of operating variances to include the use of boards and reports; control of deal structure; and expense control.

## **VEHICLE SERVICE OPERATIONS AND MANAGEMENT**

This three-day course is designed for personnel responsible for managing the Service Department of a Byrider store. Subjects covered include an explanation and hands on practice in Discover for vehicle reconditioning and servicing customers' vehicles. Additional topics presented include management of: shop workload; vendors; parts inventories; vehicle inventory; safety and environmental issues; shop maintenance; service department goals with boards and reports; and personnel.

## **CNAC TRAINING**

This course is designed for CNAC personnel, including the Underwriter, Finance Manager, Account Representative (Collector), or Portfolio Manager. Topics covered include: an introduction to the Byrider/CNAC business model; operating standards and historical information on CNAC trends; the use of the Collections module in Discover; collection do's and don'ts; phone etiquette; legal issues associated with collecting; NSF procedures; in office interviews and collection letters; outside collections; correlation between A.R.E. and static pool; and administrative/legal responsibilities relating to data security. There is a hands-on review of real life underwriting decisions on individual deals, practice in Discover, and role play of collections scenarios. The course also covers a management perspective on collections, repossessions, skip tracing, back offs, charge offs, bad debt recovery, personnel administration, collateral exchange/reduced gross rule on insurance losses, and management level report analysis.

## **INITIAL TRAINING PROGRAM**

The Initial Training Program is for the Designated Manager consisting of approximately two (2) weeks of combined classroom and on the job instruction pertaining to operation of the Franchisee's business that may include sales and marketing methods, financial controls, maintenance of quality standards, customer service techniques, record keeping, reporting procedures, and other operational issues.

## **ONTRACK**

OnTrack is the Byrider/CNAC online training site. Multiple certification paths are offered for positions from a Sales/General Manager to a Cashier or Detailer. Courses and materials are available for special situations, such as the annual Tax Program. In addition to courses created in house, many are available from training partners in areas of leadership and governmental compliance.

**EXHIBIT F**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

## ACCEPTANCE AND ASSUMPTION OF OBLIGATIONS (Financing Division)

**THIS ACCEPTANCE AND ASSUMPTION OF OBLIGATIONS** (the “**Agreement**”) is made as of the Effective Date by and between **BYRIDER FRANCHISING PARTNERS, LLC** (“**us**”), \_\_\_\_\_ (“**Franchisee**”), \_\_\_\_\_, a \_\_\_\_\_ having its principal place of business at the same address as the Franchisee (the “**Finance Entity**”), and the undersigned Guarantors. The Effective Date is the date we sign this Agreement as shown beneath our signature on the signature page.

### RECITALS

A. We and Franchisee are parties to a Franchise Agreement, dated \_\_\_\_\_, pursuant to which we granted Franchisee the right and license, and Franchisee undertook the obligation, to own and operate a Business, including both a Byrider sales division and a CNAC finance division, at \_\_\_\_\_ (the “**Franchise Agreement**”). Each of the undersigned Guarantors has executed a Personal Guaranty and Assumption of Franchisee’s Obligations (each a “**Guarantee Agreement**”).

B. Franchisee has advised us that it has created the Finance Entity for purposes of conducting the CNAC financing and collection portion of the Business (the “**Financing Activities**”) under and as described in the Franchise Agreement.

C. We are willing to consent to the operation of the Finance Entity, as described in Recital B, subject to the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Franchise Agreement.

### AGREEMENT

**FOR AND IN CONSIDERATION** of the foregoing Recitals (which are incorporated in and made a part of this Agreement), the covenants contained herein, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Our Consent.** We hereby consent to your conducting the Financing Activities through the Finance Entity during the Term of the Franchise Agreement, provided that the Finance Entity is and remains either your wholly owned subsidiary or your Affiliate whose owners, and the percentages of the ownership held by each, mirror your ownership structure.

2. **Acceptance and Assumption of Franchise Agreement.** The Finance Entity hereby joins in, accepts and assumes all of the obligations of the “Franchisee” under the Franchise Agreement as if it were a signatory to the Franchise Agreement. The parties agree that all references in the Franchise Agreement to “Franchisee” shall be deemed to be references to both the Finance Entity and you, jointly and severally, and that the Finance Entity’s rights with respect to the Financing Activities derive solely from the Franchise Agreement. The Finance Entity and you agree that, unless we provide our prior written consent (which we may withhold or condition at our discretion), the sole business of the Finance Entity will be, and that it will engage only in,

the Financing Activities as they relate to the Business and, further, that it will engage in the Financing Activities in strict compliance with the Franchise Agreement.

3. **Responsibility for the Acts of the Finance Entity.** The grant of our consent under this Agreement is an accommodation to you and is not intended to bifurcate accountability for the “Franchisee’s” obligations described in the Franchise Agreement. The Finance Entity and you each acknowledge and agree that an act or omission of one will be deemed to be the act or omission of the other, and each will be responsible for the consequences of that act or omission irrespective of who committed it. Further, a breach by either the Finance Entity or you of the Franchise Agreement will constitute a breach of the entire Franchise Agreement, and both the Finance Entity and you will bear liability for such breach, jointly and severally. While we may elect to do so, we are not required to proceed against the Finance Entity and you jointly or to proceed against one before proceeding against the other.

4. **Personal Guarantees.** Each of the undersigned Guarantors agrees that its guarantee under the Guarantee Agreement of the performance of the “franchisee” shall be deemed to be a guarantee of the performance of both the Finance Entity and you and that all references in the Guarantee Agreement to “franchisee” are deemed to be references to both.

5. **Dispute Resolution.** Any disputes involving this Agreement shall be resolved in accordance with and pursuant to the provisions of the Franchise Agreement applicable to the resolution of disputes under the Franchise Agreement. The parties hereby adopt and incorporate herein all such provisions of the Franchise Agreement (including, without limitation, provisions regarding the obligation to arbitrate, choice of law, and venue).

6. **Miscellaneous.** This Agreement constitutes the entire understanding between the parties with respect to the transaction this Agreement contemplates. This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures transmitted via facsimile or scanned and emailed shall be given the same force and effect as an original.

**IN WITNESS WHEREOF,** the parties have duly executed this Agreement as of the Effective Date.

**BYRIDER FRANCHISING PARTNERS,  
LLC**

By: \_\_\_\_\_  
Name: Michael J. Onda  
Its: Chief Executive Officer  
Date\*: \_\_\_\_\_  
(\*This is the Effective Date)

**GUARANTOR:**

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**FINANCE ENTITY:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT G**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**State Agencies:**

**(CALIFORNIA)** CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, 2101 ARENA BOULEVARD, SACRAMENTO, CA 95834;

**(HAWAII)** SECURITIES EXAMINER, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, SECURITIES COMPLIANCE BRANCH, 335 MERCHANT STREET, ROOM 203, HONOLULU, HAWAII 96813

**(ILLINOIS)** ILLINOIS ATTORNEY GENERAL'S OFFICE, 500 SOUTH SECOND STREET, SPRINGFIELD, ILLINOIS 62706, WHICH ADMINISTERS AND ENFORCES THE ILLINOIS FRANCHISE DISCLOSURE ACT;

**(INDIANA)** SECURITIES COMMISSION, 302 WEST WASHINGTON ST, RM. E-111, INDIANAPOLIS, INDIANA 46204;

**(MARYLAND)** OFFICE OF THE ATTORNEY GENERAL, DIVISION OF SECURITIES, 200 ST. PAUL PLACE, BALTIMORE, MARYLAND 21202;

**(MICHIGAN)** CONSUMER PROTECTION DIVISION, DEPARTMENT OF THE ATTORNEY GENERAL, 670 LAW BUILDING, LANSING, MICHIGAN 48913;

**(MINNESOTA)** COMMISSIONER OF COMMERCE, 85 7<sup>TH</sup> PLACE EAST, SUITE 280, ST. PAUL, MINNESOTA 55101, WHICH ADMINISTERS AND ENFORCES THE MINNESOTA FRANCHISE ACT;

**(NEW YORK)** NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY ST. 21ST FL, NEW YORK, NEW YORK 10005;

**(NORTH DAKOTA)** SECURITIES COMMISSIONER, 600 EAST BOULEVARD, BISMARCK, NORTH DAKOTA 58505;

**(RHODE ISLAND)** RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, SECURITIES DIVISION, JOHN O. PASTORE COMPLEX, 1511 PONTIAC AVENUE, BUILDING 69-1, CRANSTON, RI 02910;

**(SOUTH DAKOTA)** DIVISION OF INSURANCE, SECURITIES REGULATION, 124 S. EUCLID SUITE 104, PIERRE, SD 57501;

**(VIRGINIA)** COMMONWEALTH OF VIRGINIA, CORPORATION COMMISSION, P.O. BOX 1197, RICHMOND, VIRGINIA 23209;

**(WASHINGTON)** DEPARTMENT OF FINANCIAL INSTITUTIONS, P.O. BOX 9033, OLYMPIA, WASHINGTON 98507-9033;

**(WISCONSIN)** COMMISSIONER OF SECURITIES, 201 W. WASHINGTON AVENUE, SUITE 300, MADISON, WISCONSIN 53703, WHICH ADMINISTERS AND ENFORCES THE WISCONSIN FRANCHISE INVESTMENT LAW.

The name and address of the Company's agent in the following states authorized to receive service for process is:

**(CALIFORNIA)** in relation to matters arising under the Franchise Investment Law) Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, CA 95834;

**(HAWAII)** Commissioner of Securities, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813;

**(ILLINOIS)** Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706;

**(INDIANA)** Secretary of State, 201 State House, Indianapolis, Indiana 46204;

**(MARYLAND)** Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202;

**(MICHIGAN)** Corporation & Securities Bureau, Department of Commerce, P.O. Box 30222, Lansing, Michigan 48909;

**(MINNESOTA)** Commissioner of Commerce, 85 7<sup>th</sup> Place East, Suite 280, St. Paul, Minnesota 55101;

**(NEW YORK)** Secretary of State, 99 Washington Avenue, Albany, New York 12231;

**(NORTH DAKOTA)** Securities Commissioner, 600 East Boulevard, Bismarck, North Dakota 58505;

**(RHODE ISLAND)** Rhode Island Department of Business Regulation, Securities Division, John O. Pastore Complex, 1511 Pontiac Avenue, Building 69-1, Cranston, RI 02910;

**(SOUTH DAKOTA)** Division of Insurance, Securities Regulation, 124 S. Euclid Suite 104, Pierre, SD 57501;

**(VIRGINIA)** Commonwealth of Virginia, Corporation Commission, P.O. Box 1197, Richmond, Virginia 23209;

**(WASHINGTON)** Department of Financial Institutions, Securities Division, 150 Israel Road SW, Tumwater, WA 98501;

**(WISCONSIN)** Commissioner of Securities, 201 W. Washington Avenue, Suite 300, Madison, Wisconsin 53703.

**EXHIBIT H**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

## List of Franchisees Who Left the System

### Terminated

Bob Brady, Steve Gensler (**IL119 - Springfield**) – continues to operate other Byrider location  
Springfield, IL 62703  
217-522-1801

Richard Domaleski (**NH101 - Manchester**)  
Manchester, NH 03103  
603-370-3360

Lenny Tagliavia (**PA110 - Easton**)  
Easton, PA 18042  
484-548-6300

Trevor Wiggins (**RI101 - Cranston**)  
Cranston, RI 02910  
401-781-8500

### Transferred

Trevor Wiggins (**MA104 - Dartmouth**)  
Dartmouth, MA 02747  
508-992-0000

Cristopher Campbell (**TX128 – Fort Worth**)  
Fort Worth, TX 76116  
817-632-2900

### Canceled

N/A

### Not Renewed

Mike Burgstone (**IL130 – Aurora**) – continues to operate other Byrider locations  
Aurora, IL 60502  
773-818-8564

Ward Griffith (**MD102, MD106 – Glen Burnie, Randallstown**)  
Glen Burnie, MD 21061  
410-787-1005

Terry Gerhart (**MO110 – N. Kansas City**) – continues to operate other Byrider locations  
N. Kansas City, MO 64116  
816-612-8787

Thomas Hoffman (**NY107 - Colonie**)  
Colonie, NY 12205  
518-396-5060

### Inactive

Jonathan Gandolfo (**TN109 - Memphis**) – continues to operate other Byrider locations  
Columbia, SC 29204  
803-748-9331

**EXHIBIT I**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**RENEWAL ADDENDUM**  
**TO FRANCHISE AGREEMENT**

This **RENEWAL ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) dated as of \_\_\_\_\_ (the “**Effective Date**”) amends and supplements certain terms and conditions of the Renewal Franchise Agreement dated \_\_\_\_\_ (the “**Renewal Franchise Agreement**”) entered into between **BYRIDER FRANCHISING PARTNERS, LLC** (the “**Company**”) and \_\_\_\_\_ and \_\_\_\_\_ (collectively the “**Franchisee**”). In the event of any conflict between the terms of the Renewal Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Renewal Franchise Agreement.

1. **Background.** Franchisee and the Company are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Existing Franchise Agreement**”), which is scheduled to expire on \_\_\_\_\_, pursuant to which Franchisee operates a Byrider sales division (the “**Business**”) located at \_\_\_\_\_ (the “**Business Location**”). Franchisee desires to obtain a renewal of its franchise for the operation of the Business by executing the Company’s current form of franchise agreement simultaneously herewith.

2. **Training and Assistance.** Franchisee acknowledges that, as of the Effective Date, Franchisee and the Franchisee’s Managers have completed the training requirements pursuant to Section 6.1 of the Renewal Franchise Agreement. Franchisee further acknowledges and agrees that the Company has complied with its obligations (or Franchisee waives, as the case may be, the Company’s obligations) under the Renewal Franchise Agreement to: (a) provide training as provided in Section 6.1(A), (b) install Franchisee’s computer system as provided in Section 6.1(C), (c) provide on-site assistance as provided in Section 6.6, and (d) provide assistance with the Grand Opening as provided in Section 6.7.

3. **Lease Approval.** Section 7.3 of the Renewal Franchise Agreement is hereby deleted and replaced in its entirety with the following:

**7.3 Lease of Business Location.** The Company has previously approved a lease (or sublease) for the Business Location. Provided that Franchisee continues to operate Franchisee’s Business under such approved lease (or sublease), or exercises an option to renew thereunder, the Company waives any requirement for lease review and approval set forth below. If, however, the terms of such approved lease (or sublease) are amended, or Franchisee desires to enter into a new lease (or sublease) for the Business Location, such new or amended lease (or sublease) shall be subject to the Company’s review and approval. The Company’s review of and consent to the lease are limited to those provisions and items that the Company believes are necessary and appropriate solely for its own purposes and its own benefit as the licensor of the Marks and the System. The Franchisee has been

advised to obtain the advice of its own professional advisors before the Franchisee signs or makes any adjustments to the lease to accommodate its operation of the Franchisee's Business. In the event Franchisee or its affiliate owns the approved Business Location, Franchisee agrees that upon termination of this Agreement by Company due to Franchisee's breach or termination by Franchisee without cause prior to the scheduled expiration according to 5.1 herein, Franchisee or its affiliate will, at Company's election, lease the Business Location to Company or its affiliate at market rent for a term of two (2) years.

4. **Opening**. Section 7.4 of the Renewal Franchise Agreement is hereby deleted.

5. **Initial Franchise Fee**. Section 9.1 of the Renewal Franchise Agreement is hereby deleted.

6. **Right to Terminate Prior to Opening**. Section 16.1 of the Renewal Franchise Agreement is hereby deleted.

7. **Termination of Existing Franchise Agreement**. Upon execution of this Addendum and the Renewal Franchise Agreement, the Existing Franchise Agreement shall terminate and be of no further force or effect.

8. **Release**. Franchisee, on behalf of itself and its respective current and former parents, affiliates, and subsidiaries, and their respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, representatives, predecessors, successors, and assigns (the "**Releasing Parties**"), do hereby absolutely and irrevocably release and discharge the Company and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Company Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Claims**"), whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the date hereof, including, without limitation, those arising out of or relating in any way to the Existing Franchise Agreement or any other agreement between Franchisee or any of the other Releasing Parties and the Company or any of the Company Parties. Franchisee, on behalf of itself and on behalf of the other Releasing Parties, further covenant not to sue any of the Company Parties on any of the Claims released by this paragraph, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this paragraph.

IF FRANCHISEE'S BUSINESS IS LOCATED IN CALIFORNIA, OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE RELEASING PARTIES. FRANCHISEE RECOGNIZES THAT IT OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE COMPANY PARTIES OF WHICH FRANCHISEE IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE FROM ASSERTING IT AGAINST THE COMPANY PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT IT HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

9. **Other Terms.** All other terms of the Renewal Franchise Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of this Addendum.

**BYRIDER FRANCHISING PARTNERS, LLC [FRANCHISEE]**

By \_\_\_\_\_  
Michael J. Onda, CEO

By \_\_\_\_\_  
[Name], [Title]

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**[CO-FRANCHISEE]**

By \_\_\_\_\_  
[Name], [Title]

Date: \_\_\_\_\_

**EXHIBIT J**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ADDENDUM TO FRANCHISE AGREEMENT #\_\_\_\_\_**  
**FOR TRADITIONAL AND LEGACY ROYALTY FEE**

This Addendum to Franchise Agreement for Traditional and Legacy Royalty Fee (“Addendum”) modifies the Franchise Agreement dated \_\_\_\_\_, identified as #\_\_\_\_\_ (“Franchise Agreement”) entered into between Byrider Franchising Partners, LLC (“Company”) and \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

**WHEREAS**, in addition to the Franchise Agreement, Franchisee, or its affiliate, has signed a franchise agreement with Company **prior to January 1, 2021** for the operation of at least one (1) business in the System and under the Marks in addition to the Franchisee’s Business.

**WHEREAS**, the Company will allow Franchisee to pay a modified Royalty Fee instead of the Royalty Fee provided in Section 3.10 of the Franchise Agreement in accordance with the terms and conditions set forth in this Addendum.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and Franchisee hereby agree as follows:

1. **Royalty Fee**. Section 3.10 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

**For “Founder” “Legacy Founder Franchisees,” “Interim Founder Franchisees,” “Legacy Interim Founder Franchisees,” and “Standard Franchisees”:**

**3.10 Royalty Fee**. The Royalty Fee commencement date is the earlier of the date the Franchisee’s Business is open to the public or the one-year anniversary of the date of this Agreement. The term “Royalty Fee” shall mean that amount calculated monthly as follows:

**Gross Sales (Byrider Vehicle Sales):**

- A. **For Franchisee’s Byrider retail installment contracts assigned to Franchisee’s affiliated CNAC entity:** the greater of \$6,000 or 2.5% of the Franchisee’s Gross Sales (Byrider Vehicle Sales) (as defined above in Section 3.7) with a maximum monthly payment of: \$7,000 for “Founder Franchisees”; \$8,500 for “Legacy Founder Franchisees” and “Interim Founder Franchisees;” or \$10,000 for “Legacy Interim Founder Franchisees” and “Standard Franchisees”.
- B. **Unaffiliated Assignment of Retail Installment Contracts.** Franchisee may sell and assign retail installment contracts to unaffiliated third parties (each or collectively “Third Party”); provided, however: (i) Franchisee must obtain Company’s approval of the Third Party, which Company shall not unreasonably withhold; and (ii) Franchisee may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of Franchisee’s Gross Sales 12-month rolling monthly average.

Third Party Financed Sales Fee. Franchisee shall pay to Company \$250 per contract sold or assigned at time of vehicle sale from Franchisee's dealer entity to Third Party ("Third Party Financed Sales Fee").

Bulk Sale of Accounts Fee. Franchisee shall pay to Company a fee equal to 1.90% of gross amounts of Byrider-originated consumer retail installment contracts sold to a third party ("Bulk Sale of Accounts Fee").

*plus,*

Gross Receipts (CNAC Collections):

1% of Franchisee's Gross Receipts (CNAC Collections) (as defined above in Section 3.7).

*plus,*

Volume Surcharge:

\$112.00 for every vehicle sold at retail (whether financed or sold for cash) in excess of 75 vehicles per Business Location per calendar month.

2. Monthly Combined Royalty Cap. Notwithstanding the terms and conditions provided in Section 1 of this Addendum, the Royalty Fee that Franchisee will pay will be subject to the following maximum monthly payments (the "Monthly Combined Royalty Cap"):

Category Designation	Monthly Combined Royalty Cap*
Founder Franchisee	\$8,954 per month
Legacy Founder Franchisee	\$11,192 per month
Interim Founder Franchisee	\$11,192 per month
Legacy Interim Founder Franchisee	\$13,431 per month
Standard Franchisee	\$13,431 per month

3. Volume Surcharge and Royalty Cap Increases. The Company and Franchisee acknowledge and agree that the Company reserves the right to increase the Volume Surcharge set forth in Section 3.10 of the Franchise Agreement, as amended by this Addendum, and the Monthly Combined Royalty Cap by the National Consumer Price Index for All Urban Consumers (CPI-U) – All Items (1982-1984 = 100) for the most recent 12-month period from October through September as published by the U.S. Department of Labor, or a successor index. Any increase will be uniformly applied to all franchisees under the same form of franchise agreement. The Company will notify Franchisee in writing on or before December 1<sup>st</sup> of each calendar year as to any changes in the amounts for the following calendar year.

4. Multi-Location Flat Rate Royalty. In the event Franchisee qualifies for, or has previously qualified for and elected to pay, the Multi-Location Flat Rate ("MLFR"), the Company will allow Franchisee to pay the MLFR instead of the Royalty Fee described above in Sections 1-3 in accordance with the terms and conditions set forth below:

A. Royalty Fee. Section 3.10 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

3.10 **Royalty Fee**. The Royalty Fee commencement date is the earlier of the date the Franchisee's Business is open to the public or the one-year anniversary of the date of this Agreement. The term "Royalty Fee" shall mean the amount calculated monthly as follows:

Number of Byrider Businesses	Founder Franchisee	Legacy Founder Franchisee or Interim Founder Franchisee	Legacy Interim Founder Franchisee or Standard Franchisee
1	\$8,954.00	\$11,192.00	\$12,312.00
2	\$8,954.00	\$11,192.00	\$11,192.00
3	\$8,954.00	\$10,073.00	\$10,073.00
4	\$8,954.00	\$8,954.00	\$8,954.00
5	\$7,835.00	\$7,835.00	\$7,835.00
6	\$6,715.00	\$6,715.00	\$6,715.00
7	\$6,715.00	\$6,715.00	\$6,715.00
8	\$6,715.00	\$6,715.00	\$6,715.00
9	\$6,715.00	\$6,715.00	\$6,715.00
10	\$6,715.00	\$6,715.00	\$6,715.00
10+	\$6,715.00	\$6,715.00	\$6,715.00

All dollar figures represent fixed dollar Royalty Fee due per month for Franchisee's Business and any other Byrider businesses that Franchisee (or its affiliate(s)) operate. The amount owed for each location is calculated by dividing the sum of the amounts designated in the Category Designation by the number of Byrider Franchised Locations. For example, if Franchisee has a "Legacy Interim Founder Franchisee" Category Designation, it will pay a Royalty Fee of \$11,192.33 per month, calculated as follows: (a) \$12,312 for the first Byrider Business, plus \$11,192 for the second Byrider Business, plus \$10,073 for the third Byrider Business (in this case, \$33,577), (b) divided by the number of Byrider Businesses that Franchisee (or its affiliate(s)) operate (in this case, three Byrider Businesses), which, in this case, would require (i) Franchisee to pay a Royalty Fee of \$11,192.33 per month for the Franchisee's Business under the Franchise Agreement and (ii) Franchisee (or its affiliate(s)) to pay \$11,192.33 for each of the other Byrider Businesses.

**Unaffiliated Assignment of Retail Installment Contracts**. Franchisee may sell and assign retail installment contracts to unaffiliated third parties (each or collectively "Third Party"); provided, however: (i) Franchisee must obtain Company's approval of the Third Party, which Company shall not unreasonably withhold; and (ii) Franchisee may not sell or assign retail installment contracts with contract values, in the aggregate, of more than 20% of Franchisee's Gross Sales 12-month rolling monthly average.

**Third Party Financed Sales Fee**. Franchisee shall pay to Company \$250 per contract sold or assigned at time of vehicle sale from Franchisee's dealer entity to Third Party ("Third Party Financed Sales Fee").

**Bulk Sale of Accounts Fee.** Franchisee shall pay to Company a fee equal to 1.90% of gross amounts of Byrider-originated consumer retail installment contracts sold to a third party (“Bulk Sale of Accounts Fee”).

B. **Royalty Fee Increase.** The Company and Franchisee acknowledge and agree that the Company reserves the right to increase the Royalty Fee set forth in Section 3.10 of the Franchise Agreement, as amended by this Addendum, by the National Consumer Price Index for All Urban Consumers (CPI-U) – All Items (1982-1984 = 100) for the most recent 12-month period from October through September as published by the U.S. Department of Labor, or a successor index. Any increase will be uniformly applied to all franchisees under the same form of franchise agreement. The Company will notify Franchisee in writing on or before December 1<sup>st</sup> of each calendar year as to any changes in the amounts for the following calendar year.

C. **Representation of Ownership.** Franchisee represents and warrants, on its behalf and on behalf of its affiliates, that it and they have at least 51% in common equity ownership and voting control among the Byrider Businesses that it and they own (the “Ownership Qualification”). If Franchisee, or its affiliates, no longer meet the Ownership Qualification, then Franchisee will no longer qualify for, and pay, the MLFR and will instead pay the Royalty Fee as originally provided under Sections 1-3 in this Addendum.

D. **Traditional Royalty Fee.** The Company acknowledges and agrees that the MLFR shall supersede Sections 1-3 of this Addendum so long as Franchisee (and its affiliates, if applicable): (i) continue to qualify for, and elect to pay, the MLFR; (ii) continue to operate at least two Byrider Businesses; and (iii) remain in compliance with the Franchise Agreement and all other agreements with the Company and its affiliates. If Franchisee (or its affiliates, if applicable) fail to comply with the foregoing conditions for MLFR, Franchisee will immediately be required to comply with the obligations under Sections 1-3 of this Addendum (including the obligation to pay the Royalty Fee due thereunder).

5. **Category Designation.** For purposes of Section 3.10 of the Franchise Agreement, as revised by this Addendum, Franchisee will receive the Category Designation provided on Exhibit A to this Addendum.

6. **Release.** Franchisee, on behalf of itself and its respective current and former parents, affiliates, and subsidiaries, and their respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, representatives, predecessors, successors, and assigns (the “Releasing Parties”), do hereby absolutely and irrevocably release and discharge the Company and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the “Company Parties”), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, “Claims”), whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the date hereof, including, without limitation, those arising out of or relating in any way to the Franchise Agreement or any other agreement between Franchisee or any of the other Releasing Parties and the Company or any of the Company Parties. Franchisee, on behalf of itself and on behalf of the other Releasing Parties, further covenant not to sue any of the Company Parties on any of the Claims released by this paragraph, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this paragraph.

IF FRANCHISEE'S BUSINESS IS LOCATED IN CALIFORNIA, OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS FRANCHISEE'S INTENTION, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE RELEASING PARTIES. FRANCHISEE RECOGNIZES THAT IT OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE COMPANY PARTIES OF WHICH FRANCHISEE IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE FROM ASSERTING IT AGAINST THE COMPANY PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTION HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT IT HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

*[Signature Page Follows]*

All other terms of the Franchise Agreement shall remain in full force and effect.

**Byrider Franchising Partners, LLC**

By \_\_\_\_\_  
Michael J. Onda, CEO

Date: \_\_\_\_\_

By \_\_\_\_\_  
Printed:  
Title: President

Date: \_\_\_\_\_

By \_\_\_\_\_  
Printed:  
Title: President

Date: \_\_\_\_\_

**SIGN IN THIS BOX ONLY IF Franchisee qualifies for MLFR but MLFR was not previously elected and is not elected at this time:**

By its signature below, Franchisee hereby acknowledges that it does NOT elect to pay the Multi-Location Flat Rate royalty fee at this time, and thus, the Multi-Location Flat Rate section in this Addendum does not apply. Notwithstanding the foregoing, if Franchisee elects to pay the Multi-Location Flat Rate royalty fee in the future, it must notify Byrider Franchising Partners, LLC in writing of its election. Byrider Franchising Partners, LLC reserves all rights.

By \_\_\_\_\_  
Printed:  
Title: President

Date: \_\_\_\_\_

**EXHIBIT A**  
**TO**  
**ADDENDUM TO FRANCHISE AGREEMENT #\_\_\_\_\_**  
**FOR TRADITIONAL AND LEGACY ROYALTY FEE**

Franchisee's Category Designation for purposes of the Royalty Fee under the Franchise Agreement shall be:

- Founder Franchisee
- Legacy Founder Franchisee
- Interim Founder Franchisee
- Legacy Interim Founder Franchisee
- Standard Franchisee

**EXHIBIT K**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**VETERAN DISCOUNT ADDENDUM**  
**TO FRANCHISE AGREEMENT**

This **VETERAN DISCOUNT ADDENDUM** (this “**Addendum**”) dated as of \_\_\_\_\_ (the “**Effective Date**”) amends and supplements certain terms and conditions of the Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) entered into between **BYRIDER FRANCHISING PARTNERS, LLC** (the “**Company**”) and \_\_\_\_\_ (the “**Franchisee**”). In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

**WHEREAS**, Franchisee (or if a legal entity, Franchisee’s owner(s)) [is/are] a veteran of the United States Armed Forces; and

**WHEREAS**, the Company has agreed to charge Franchisee a reduced initial franchise fee on the terms and conditions set forth herein.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Franchisee hereby agree as follows:

1. **Initial Franchise Fee**. The Company and Franchisee agree and acknowledge that the Initial Franchise Fee provided in Section 3.8 of the Franchise Agreement shall be \$50,000.
2. **Other Terms**. All other terms of the Franchise Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of this Addendum.

**BYRIDER FRANCHISING PARTNERS, LLC [FRANCHISEE]**

By \_\_\_\_\_  
Michael J. Onda, CEO

By \_\_\_\_\_  
[Name], [Title]

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT L**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ADDITIONAL DISCLOSURE FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
BYRIDER FRANCHISING PARTNERS, LLC**

The following are additional disclosures for the Franchise Disclosure Document of Byrider Franchising Partners, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**CALIFORNIA**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES BYRIDER FRANCHISING PARTNERS TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE BYRIDER FRANCHISING PARTNERS ASKS YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. BYRIDER FRANCHISING PARTNERS' WEBSITES, [www.byrider.com](http://www.byrider.com) AND [www.byriderfranchise.com](http://www.byriderfranchise.com), HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfp.ca.gov](http://www.dfp.ca.gov).

4. The following is added at the end of Item 3 of the Disclosure Document:

Neither Byrider Franchising Partners, its parent, or its affiliate nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following language is added to Item 5 of the Disclosure Document:

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. The following is added at the “Remarks” column in the “Interest” row of the table provided in Item 6 of the Disclosure Document:

The highest rate of interest allowed by California law is 10% annually.

7. The following language is added to the end of the chart in Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the aforementioned law, and the aforementioned law applies, it will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.) but Byrider Franchising Partners will enforce it to the extent enforceable.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State of Indiana with certain exceptions. These provisions may not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

8. The following is added at the end of Item 19 of the Disclosure Document:

You should conduct an independent investigation of the costs and expenses you will incur in operating your Business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

## **ILLINOIS**

The following language is added to the end of the chart in Item 17:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon termination and non-renewal of the franchise are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

## **MARYLAND**

1. The following is added to the end of the "Summary" sections of Item 17€, entitled **Requirements for franchisee to renew or extend**, and Item 17(n), entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of Law**:

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

## **MINNESOTA**

The following is added to the end of the table in Item 17 of the Disclosure Document:

Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit Byrider Franchising Partners from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

## **NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL**

**TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. BYRIDER FRANCHISING PARTNERS MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, BYRIDER FRANCHISING PARTNERS CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to Byrider Franchising Partners, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Byrider Franchising Partners' *principal trademark*:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices; or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither Byrider Franchising Partners, its affiliate, predecessor, officers or general partners, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document, have, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; or (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to Item 5:

Byrider Franchising Partners applies the initial franchise fee to defray its costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to the end of the "Summary" sections of Item 17€, titled "Requirements for you to renew or extend" and Item 17(m), entitled "Conditions for Byrider Franchising Partners' approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled "Assignment of contract by Byrider Franchising Partners":

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Byrider Franchising Partners' good faith judgment, is willing and able to assume Byrider Franchising Partners' obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum" and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon Byrider Franchising Partners or upon you by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

1. The following is added to the end of the "Summary" sections of Item 17€, entitled "Requirements for you to renew or extend" and Item 17(n), entitled "Conditions for Byrider Franchising Partners' approval of transfer":

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(s), entitled "Non-competition covenants after the franchise is terminated or expires":

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, Byrider Franchising Partners and you will enforce the covenants to the maximum extent the law allows.

3. The "Summary" section of Item 17(v), entitled "Dispute resolution by arbitration" is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which Byrider Franchising Partners and you mutually agree.

4. The "Summary" section of Item 17(w), entitled "Choice of forum" is deleted and replaced with the following:

However, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(x), entitled "Choice of law" is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Indiana will apply.

## **RHODE ISLAND**

The following sentence is added to the “Summary” of Item 17(w) entitled “**Choice of forum**” and 17(x) entitled “**Choice of law**”:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

## **VIRGINIA**

The following language is added to the end of the “Summary” section of Item 17(e), entitled “**Termination by Byrider Franchising Partners without cause**”:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “Rider”) is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND.** The Company and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the offer of the franchise is made or accepted in the State of Illinois and Franchisee’s Business is or will be located in the State of Illinois; and/or (b) Franchisee is domiciled in Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following is added to the end of the Franchise Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Company. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND.** The Company and the Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the Franchisee is a resident of the State of Maryland; or (b) Franchisee’s Business is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.**  
The following is added as a new Section 2.12 of the Franchise Agreement:

**2.12 MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.** All representations requiring the Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **RELEASES.** The following is added to the end of Sections 5.2(F), 6.1(E), and 14.3(C)(6) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY.** The following sentence is added to the end of Section 16.2(A)(4) of the Franchise Agreement:

This Section 16.2(A)(4) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **ARBITRATION.** The following paragraph is added to the end of Section 19.1 of the Franchise Agreement:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require the Franchisee to waive its right to file a lawsuit in Maryland claiming a

violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **GOVERNING LAW**. The following paragraph is added to the end of Section 20.5 of the Franchise Agreement:

Notwithstanding the foregoing, (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CHOICE OF FORUM**. The following language is added to the end of Section 20.6 of the Franchise Agreement:

The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **LIMITATION OF ACTIONS**. The following sentence is added to the end of Section 20.9 of the Franchise Agreement:

Franchise must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Company grants the Franchisee the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND**. The Company and the Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) Franchisee’s Business will be operated wholly or partly in the State of Minnesota; and/or (b) the Franchisee is either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **RELEASES**. The following provision is added to the end of Section 5.2(F) and Section 14.3(B)(6) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Law.

3. **TRADEMARK: USE**: The following is added to the end of Section 8.2 of the Franchise Agreement:

The Company will protect the Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g)

4. **NON-RENEWAL AND TERMINATION**. The following is added to the end of Sections 5.2, 16.1 and 16.2 of the Franchise Agreement:

To the extent Minnesota law is applicable, the Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that the Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

5. **GOVERNING LAW**. The following is added to the end of Section 20.5 of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of the Franchisee's rights under Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **JURY TRIAL AND PUNITIVE DAMAGE WAIVERS.** The provisions of Sections 20.7 and 20.8 of the Franchise Agreement are hereby deleted in their entirety.

7. **LIMITATION OF ACTIONS.** Section 20.9 of the Franchise Agreement is hereby amended by adding the following to the end of the Section:

Notwithstanding the foregoing, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. **CONSENT TO JURISDICTION.** Notwithstanding anything to the contrary contained in the Franchise Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit the Company, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of the Franchisee's rights under Minnesota Statutes chapter 80C or the Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND**. The Company and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Franchisee is domiciled in the State of New York; or (d) Franchisee’s Business is or will be operated in the State of New York.

2. **RELEASES**. The following provision is added to the end of Section 5.2.F., Section 6.1.E. and Section 14.3.C.(6) of the Franchise Agreement:

Notwithstanding the foregoing, all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **ASSIGNMENT BY THE COMPANY**. The following language is added to the end of Section 14.1 (“Assignment by the Company”) of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in the Company’s good faith judgment, is willing and able to assume the Company’s obligations under this Agreement.

4. **TERMINATION OF AGREEMENT BY FRANCHISEE**. The following language is added to the end of Section 16.3.A. (“Franchisee’s Rights to Terminate; Grounds”) of the Franchise Agreement:

Franchisee may also terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW; CHOICE OF FORUM.** The following statement is added to the end of Sections 20.5 (“Governing Law”) and Section 20.6 (“Choice of Forum”) of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND**. The Company and the Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if the Franchisee are domiciled in the State of North Dakota, Franchisee’s Business is or will be operated in the State of North Dakota.

2. **RELEASES**. The following provision is added to the end of Section 5.2.F., Section 6.1.E. and Section 14.3.C.(6) of the Franchise Agreement:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **RESTRICTIVE COVENANTS**. Covenants restricting competition are subject to Section 9-08-06, N.D.C.C., which limits the Company’s ability to restrict Franchisee’s activity after the Franchise Agreement has ended. In North Dakota, covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable except in certain instances as provided by law; however, the Company and the Franchisee will enforce the covenants to the maximum extent the law allows.

4. **ARBITRATION**. The following provision is added to the end of Section 19.1 of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which the Company and the Franchisee mutually agree.

5. **GOVERNING LAW**. The following paragraph is added to the end Section 20.5 (“Governing Law”) of the Franchise Agreement:

Notwithstanding the foregoing, (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without

reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on the Franchisee and its owners' competitive activities will be governed by the laws of the state in which Franchisee's Business is located.

6. **CHOICE OF FORUM**. The following provision is added to the end of Section 20.6 ("Choice of Forum") of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by North Dakota Franchise Investment Law, and subject to the parties' arbitration obligations, the Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **LIQUIDATED DAMAGES AND TERMINATION PENALTIES**. In North Dakota, any provision in the Franchise Agreement that requires Franchisees to consent to liquidated damages or termination penalties is void.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. Section 20.7 and Section 20.8 of the Franchise Agreement are deleted in their entirety.

9. **LIMITATION OF CLAIMS**. In North Dakota, the statute of limitations under North Dakota law applies.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “Rider”) is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND**. The Company and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island; or (b) an offer to buy is accepted in the State of Rhode Island; or (c) Franchisee is a resident of the State of Rhode Island and Franchisee’s Business is or will be operated in the State of Rhode Island.

2. **GOVERNING LAW**. The following paragraph is added to the end of Section 20.5 (“Governing Law”) of the Franchise Agreement:

Notwithstanding the foregoing, (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, (2) the enforceability of those provisions of this Agreement which relate to restrictions on Franchisee and its owners’ competitive activities will be governed by the laws of the state in which the Franchisee’s Business is located; and (3) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. **CHOICE OF FORUM**. The following language is added to the end of Section 20.6 (“Choice of Forum”) of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, Franchisee may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

---

«Signatory»«Signatory\_Title»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
AREA DEVELOPMENT AGREEMENT**

**RIDER TO THE  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “Rider”) is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND.** The Company and Franchisee are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Development Agreement**”). This Rider is annexed to and forms an integral part of the Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Development Agreement. This Rider is being signed because (a) Franchisee’s Business that Franchisee will develop under the Development Agreement will be operated wholly or partly in the State of Illinois; and/or b) the Franchisee is either a resident of, domiciled in, or actually present in the State of Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following is added to the end of the Development Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Company. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

"FRANCHISEE"

«Name\_of\_Franchisee», «Entity\_Type»

---

«Signatory»«Signatory\_Title»

"COMPANY"

**BYRIDER FRANCHISING PARTNERS,  
LLC**

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND.** The Company and the Franchisee are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Development Agreement**”). This Rider is annexed to and forms an integral part of the Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Development Agreement. This Rider is being signed because (a) Franchisee’s Business that Franchisee will develop under the Development Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) the Franchisee is either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **TERMINATION.** The following is added to the end of Section 5 of the Development Agreement:

To the extent Minnesota law is applicable, the Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that the Franchisee be given 90 days’ notice of termination (with 60 days to cure).

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

“FRANCHISEE”

«Name\_of\_Franchisee», «Entity\_Type»

“COMPANY”

**BYRIDER FRANCHISING PARTNERS,  
LLC**

\_\_\_\_\_  
«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**RIDER TO THE  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** (this “Rider”) is made and entered into by and between **BYRIDER FRANCHISING PARTNERS, LLC**, a Delaware limited liability company whose address is 12802 Hamilton Crossing Boulevard, Carmel, Indiana, 46032 (the “**Company**”), and a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (the “**Franchisee**”).

1. **BACKGROUND.** The Company and Franchisee are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Development Agreement**”). This Rider is annexed to and forms an integral part of the Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Franchisee is domiciled in the State of New York; or (d) Franchisee’s Business that Franchisee will develop under the Development Agreement will be operated in the State of New York.

2. **TERMINATION OF AGREEMENT BY FRANCHISEE.** The following language is added to the end of Section 5 of the Development Agreement:

Franchisee may also terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

“FRANCHISEE”

«Name\_of\_Franchisee», «Entity\_Type»

“COMPANY”

**BYRIDER FRANCHISING PARTNERS,  
LLC**

---

«Signatory»«Signatory\_Title»

By: \_\_\_\_\_  
Michael J. Onda, Chief Executive Officer

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT  
DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY  
UNTRUE STATEMENT OF A MATERIAL FACT**

## **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT M**  
**TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ITEM 23**  
**RECEIPTS**

This Disclosure Document summarizes certain provisions of the Franchise Agreement, the Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Byrider Franchising Partners, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Byrider Franchising Partners, LLC, or any affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Byrider Franchising Partners, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G. We authorize the respective state agents identified on Exhibit G to receive service of process for us in the particular states.

The name, principal business address, and telephone number of the franchise seller offering the franchise is as follows: Ben Goodman, 12802 Hamilton Crossing Blvd., Carmel, Indiana 46032 (317) 249-3355.

The issuance date of this Franchise Disclosure Document is January 1, 2025. (The effective dates in the franchise registration states are noted on the page immediately preceding the Item 23 receipts pages in this Disclosure Document.)

I received a Disclosure Document from Byrider Franchising Partners, LLC dated as of January 1, 2025, that included the following Exhibits:

Exhibit A	Financial Statements and Guarantee of Performance
Exhibit B	Franchise Agreement
Exhibit C-1	Area Development Agreement (Traditional Franchisee)
Exhibit C-2	Area Development Agreement (Ultra Franchisee)
Exhibit D	Franchise Directory
Exhibit E	Operations Manuals' Tables of Contents
Exhibit F	Acceptance and Assumption of Obligations
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	List of Franchisees Who Left the System
Exhibit I	Renewal Addendum
Exhibit J	Traditional and Legacy Royalty Fee Addendum
Exhibit K	Veteran Discount Addendum
Exhibit L	State Addenda and Agreement Riders
Exhibit M	Receipts

---

Date

---

Prospective Franchisee [Print Name]

---

Prospective Franchisee [Signature]

Please sign this copy of the receipt, print the date on which you received this Franchise Disclosure Document, and return it, by mail to Byrider Franchising Partners, LLC, 12802 Hamilton Crossing Blvd., Carmel, Indiana 46032.

**ITEM 23**  
**RECEIPTS**

This Disclosure Document summarizes certain provisions of the Franchise Agreement, the Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Byrider Franchising Partners, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Byrider Franchising Partners, LLC, or any affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Byrider Franchising Partners, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G. We authorize the respective state agents identified on Exhibit G to receive service of process for us in the particular states.

The name, principal business address, and telephone number of the franchise seller offering the franchise is as follows: Ben Goodman, 12802 Hamilton Crossing Blvd., Carmel, Indiana 46032 (317) 249-3355.

The issuance date of this Franchise Disclosure Document is January 1, 2025. (The effective dates in the franchise registration states are noted on the page immediately preceding the Item 23 receipts pages in this Disclosure Document.)

I received a Disclosure Document from Byrider Franchising Partners, LLC dated as of January 1, 2025, that included the following Exhibits:

Exhibit A	Financial Statements and Guarantee of Performance
Exhibit B	Franchise Agreement
Exhibit C-1	Area Development Agreement (Traditional Franchisee)
Exhibit C-2	Area Development Agreement (Ultra Franchisee)
Exhibit D	Franchise Directory
Exhibit E	Operations Manuals' Tables of Contents
Exhibit F	Acceptance and Assumption of Obligations
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	List of Franchisees Who Left the System
Exhibit I	Renewal Addendum
Exhibit J	Traditional and Legacy Royalty Fee Addendum
Exhibit K	Veteran Discount Addendum
Exhibit L	State Addenda and Agreement Riders
Exhibit M	Receipts

---

Date

---

Prospective Franchisee [Print Name]

---

Prospective Franchisee [Signature]

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS FRANCHISE DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.