

## FRANCHISE DISCLOSURE DOCUMENT

Indy Clover Franchising LLC  
155 S. State St., Suite C  
Lindon, UT 84042

Phone: 480-635-6950  
Email: [hello@indyclover.com](mailto:hello@indyclover.com)  
[www.indyclover.com](http://www.indyclover.com)



We are **Indy Clover Franchising, LLC**, a Utah limited liability company. We offer franchises to qualified individuals and entities to own and operate an Indy Clover™ franchise under our service marks, trade names, programs, and systems under the name “**Indy Clover**.” Our franchisees offer high-end retail clothing consignment services to the public under the Service Marks and the Indy Clover programs and systems (the "Method of Operation").

The total investment necessary to begin operation of an **Indy Clover** franchise is **\$159,450 to \$215,800**. This includes **\$105,000** that must be paid to us or our 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 Tyler Peery at 155 S. State St., Suite C, Lindon, UT 84042 or at 480-635-6950.

The terms of your contract will govern your franchise relationship. Don't 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 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: March 6, 2024

## 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:

QUESTION	WHERE TO FIND INFORMATION
<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 G.
<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 Indy Clover 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 an Indy Clover franchisee?</b>	Item 20 or Exhibit G 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 F.

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out- of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.

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.

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this 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 terms 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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (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 or 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.

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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## ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

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We are **Indy Clover Franchising, LLC** (called “We,” “Us,” or “Our”). We were organized in Utah on June 29, 2022. We do business under the **Indy Clover** names, marks, and logos. We do not intend to do business under any other names. Indy Clover Franchising, LLC is called “us” or “we” in this Franchise Disclosure Document. “You” means the prospective purchaser of an Indy Clover franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases an Indy Clover franchise.

We are the franchisor of the Indy Clover franchise system. We license our franchisees at specified locations to own and to operate franchises under the name “Indy Clover”. We authorize our franchisees to promote, advertise, and offer high-end retail clothing consignment services to the public and to use our Method of Operation and our service marks in the operations of the franchisee’s business.

Our principal office address is 155 S. State St., Suite C, Lindon, UT 84042. Our telephone number is 480-635-6950. We began offering Indy Clover franchises in [month] 2023. We plan to own or operate one or more units of the type that we are franchising. We have no other business activities. We have never offered franchises in any other line of business. We produce and sell innovative marketing and sales promotion materials. We may attempt to negotiate group discount rates for the benefit of our franchisees for products, supplies, and equipment.

Our registered agents for service of process are outlined in Exhibit F to this Disclosure Document. We and our affiliate companies retain the right to own or operate additional **Indy Clover** franchises.

We have no predecessors.

Our parent company, Indy Clover LLC, was formed on April 21, 2022, and its principal business address is 155 S. State St., Suite C, Lindon, UT 84042. Its principal line of business is to operate as one of our franchisees, offering the services you will offer, from the location of its Lindon, Utah store. Our parent has never offered franchises in this or any other line of business.

Our affiliate Ladyhood, LLC provides wholesale products on consignment to our franchisees, since April 2023. This affiliate does not conduct the type of business the franchisee will operate.

Our affiliate ICFE, LLC, assists our franchisees to purchase fixtures, furnishings, equipment, signage, and initial inventory for their franchised stores, since October 2023. This affiliate does not conduct the type of business the franchisee will operate.

Our affiliate Indy Clover L&S, LLC operates the Indy Clover™ business at 155 South State Street #C, Lindon, UT 84042 that is the type of business the franchisee will operate.

Our affiliate Indy Clover Ogden, LLC operates the Indy Clover™ business at 1208 E 4800 S, Ogden, UT 84403 that is the type of business the franchisee will operate.

We and affiliate companies retain the right to own or operate additional **Indy Clover** outlets and franchises. None of our affiliates have ever offered franchises in this or any other line of business.

We are in the business of operating and granting franchise rights to operate businesses offering high-end retail clothing consignment services to the public. We sell Indy Clover branded products. We facilitate use of point-of-sale and referral services through an app or similar software developed by Franchisor or provided by designated vendors. Franchisees operating under the Indy Clover name must use Indy Clover branded products or products from designated vendors.

We may also offer the right to open two or three Indy Clover™ franchises within a specified territory. If you desire to open multiple franchises, you must show the financial and management capability to build out, open, and operate the number of franchises desired and the desired territory must be legally and contractually available in accordance with federal and state law and with our contractual commitments with other Indy Clover™ franchises, and in compliance with our franchise placement, market, development, and demographic criteria, standards and guidelines. You must sign our standard franchise agreement for each franchise in your specified territory and a “Multi-Unit Addendum.” You must purchase at least two and up to three units under the Multi-Unit Addendum. Under the Multi-Unit Addendum, there is a reduced Initial Franchise Fee for each additional franchise, after your first, but the entire Initial Franchise Fee for each franchise must be paid together upon signing. You must also comply with a franchise development schedule outlined in the Multi-Unit Addendum.

The market for high-end retail clothing consignment services is developed and growing. The business is year-round but is sometimes affected by weather conditions, seasonal demand, and economic cycles. The marketplace currently includes few national or global brands. Competitors include other franchise systems, established consignment and thrift stores and chains, and certain private garage sale or yard sale activities.

There are no known laws or regulations that solely pertain to the Franchisor’s business. There are general local, state, and federal laws and regulations that must be followed including but not limited to obtaining a business license, hazardous waste handling and reporting, and employee-employer workplace conduct and reporting. Additionally some locations may require that the LED products be fully certified and approved, which all designated products presently are compliant with such requirements.

Federal, state, and city, county, parish, borough, municipality or other local laws.

Federal. Examples of federal laws are wage and hour, occupational health and safety, equal employment opportunity, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of state laws include environmental, occupational health and safety, fire, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of local laws include health and sanitation, building codes, fire codes, and waste disposal.

This Disclosure Document contains a summary of some material provisions of the Franchise Agreement. However, the Franchise Agreement expresses and governs the actual legal relationship between us and you.

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## **ITEM 2. BUSINESS EXPERIENCE**

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### Tyler Peery – Chief Executive Officer

Tyler Peery is our CEO in Lindon, Utah since our formation in June 2022. He is also co-founder of our affiliate Indy Clover, LLC in Lindon, Utah since its formation in April 2022. Peery was founder and chief operating officer of Dirty Dough Cookies from November 2018 to April 2021 in Tempe, Arizona. From June 2021 to January 2022, he was chief operating officer of Alien Donuts in Scottsdale, Arizona.

### Keena Peery – Chief Brand Officer

Keena Peery is our Chief Brand Officer in Lindon, Utah since January 2022. She served as social media director for Alien Donuts in Scottsdale, Arizona from January to December 2021. From October 2018 to December 2020, she was a founder of Dirty Dough in Tempe, Arizona.

### Malia Evans – Director of Partnerships

Malia Evans is our Director of Partnerships in Lindon, Utah since January 2022. Ms. Evans was unemployed prior to January 2022.

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## **ITEM 3. LITIGATION**

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No litigation is required to be disclosed in this Item.

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## **ITEM 4. BANKRUPTCY**

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No bankruptcy is required to be disclosed in this Item.

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## ITEM 5. INITIAL FEES

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The Initial Franchise Fee is currently **\$25,000**. The Initial Franchise Fee is paid in consideration for our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement, the opening of the Franchise, and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others. The entire Initial Franchise Fee is due at the time of execution of the Franchise Agreement.

### Multi-Unit Addendum Development

If you and we agree that you will develop multiple franchises, then you will sign a franchise agreement for each franchise to be developed along with a “Multi-Unit Addendum” in the form attached as Schedule 3 to the Franchise Agreement. The initial franchise fees for the second and third franchises is reduced to \$20,000 per franchise. To be eligible to pay the reduced initial franchise fees for multiple franchises, you must pay to use the entire initial franchise fee upfront for each franchise when you sign the first franchise agreement and Multi-Unit Addendum.

Our mandatory initial training includes training sessions at our headquarters in Lindon, Utah. The Training Fee is currently **\$5,000**. The training includes methods, operational standards, and operational aspects of business management, as well as training and support for your initial recruiting. The cost of your initial training program and materials is included in your Training Fee paid to us. The entire Training Fee is due at the time of execution of the Franchise Agreement.

You must use our affiliate ICFFE, LLC to procure certain initial purchases for your Franchise. You will pay to our affiliate up to an estimated **\$75,000** for initial purchases of the standard Opening Order that includes certain furnishing, fixtures, and equipment package and signage, custom paint, and initial inventory for the Franchise. You must pay to our affiliate \$75,000 concurrently with the execution of the Franchise Agreement. Our affiliate will use these funds to purchase necessary items from designated and approved suppliers to establish your business in an efficient and methodical manner. The Opening Order generally includes the required signage, booths, shelving, racks, mirrors, hardware, furniture, fixtures, computer and office equipment and software and technology, décor items, and inventory.

If you do not pass the entire mandatory training course to our satisfaction we may terminate the Franchise Agreement without refunding any of the Initial Franchise Fee or Training Fee.

You must open the franchise within **180** days after the date of the Franchise Agreement. This time requirement may be extended for multiple franchise purchases. If this obligation is not fulfilled, we may elect to terminate the Franchise Agreement. We may retain the entire Initial Franchise Fee and Training Fee and any amount paid to us or our affiliate for used items of furniture, fixtures, equipment, signage, paint, and inventory. You must return any unused items of furniture, fixtures, equipment, signage, paint, and inventory you have obtained from us or our affiliate.

In our fiscal year ended June 30, 2023, we collected initial fees ranging from \$20,000 to \$25,000, with a discount for franchisees that purchased multiple units. The initial fees are uniform except as described in this Item 5.

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to our owners and employees and their family members with reduced or no initial fees.

The Initial Franchise Fee, the Training Fee, and the amount paid for the initial purchases are not refundable in whole or in part under any circumstances other than those listed above.

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## ITEM 6. OTHER FEES

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<u>Name of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
Royalty Fee	5% of monthly gross revenues.	Due on the 15 <sup>th</sup> day of the month, based on gross revenue for the preceding month.	This fee must be payable through automatic debit processes as outlined in the Operations Manual.
National Marketing Fee	\$1,000 per month.	Payable on the 15 <sup>th</sup> day of each month.	See Note 2. This fee must be payable through automatic debit processes as outlined in the Operations Manual.
Project Management Fee	We reserve the right to charge you a reasonable project management fee related to our assistance and services in developing and opening your Franchise which fees will be itemized and invoiced to you, and are due upon receipt, and determined in our sole discretion.	Upon demand	
Additional Training	\$300 per day, plus all reimbursable travel expenses.	Before opening or after you open your franchise for business.	You must give us not less than 35 days' prior written notice of your desire to receive additional training. The duration of training is

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
			negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training.
Regional Advertising Fund Contribution	Up to <b>2</b> percent of your Gross Sales according to a vote of the franchisees in the region.	As voted and approved by your local advertising cooperative (only if franchisees in an advertising region vote to establish a Regional Advertising Fund).	If at any meeting of the franchisees in an advertising region, <b>65</b> percent of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. We may require you to execute documents that allow us to automatically take this fee out of your franchise bank accounts each month. See Item 11, below.
Refresher training programs and seminars	<b>\$300</b> per registration.	Upon demand	In addition to a reasonable training fee, you are exclusively responsible for paying all travel, living and other expenses and compensation of attending refresher training programs and seminars. (See Franchise Agreement, Section 3.2)

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Cost to Attend Annual Convention and Trade Show	Estimated costs relating to your travel, lodging, food, and related accommodations may reach \$1,000 to \$3,500. If you do not attend, a Non-Attendance Fee of \$500 shall apply.	As arranged with third party vendors. The non-attendance fee, if applicable, shall be due upon invoicing.	You may be required to attend our annual convention and trade show. The amounts in this table are estimates for your travel, food and lodging costs to attend. This is not a fee collected by us; these amounts are paid to third parties vendors. Travel and lodging costs, including plane fares, may vary greatly based on your franchise location and the distance to the location of the annual convention.
Relocation Fee	\$5,000	Upon application for relocation	The Relocation Fee will apply when you request to relocate your franchise, and in consideration of our efforts to facilitate such relocation.
Transfer Fee	Greater of \$20,000 or 5% of proposed purchase price for the business.	Before transfer	The Transfer Fee will be paid by delivering: (i) a non-refundable deposit of \$1,000 with the written request for our approval of the proposed purchaser and (ii) the balance of the Transfer Fee on the closing date of the transfer. This fee will be paid in consideration of our legal, accounting, credit check, and investigation expenses that result from the transfer.
Step-In Right Costs	Out-of-pocket expenses and costs we incur, plus 25% of your gross monthly revenues as a management fee.	As Incurred	You must reimburse us for our out of pocket expenses and costs we incur if we step-in to operate your franchise according to the Franchise Agreement.

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Late Charge	A late fee \$250, plus interest of 1.5% monthly, of unpaid Royalty Fee balances will be owed if paid after the third day following the due date, and must be paid with the Royalty Fee.	Each month that amounts owed remain unpaid	You will not be compelled to pay late charges at a rate greater than the maximum allowed by applicable law.
Relocation	You will reimburse us for our out-of-pocket costs concerning the relocation.	Prior to relocation	
Audit	An Audit Fee of 15% on amounts due as a result of underreporting, together with our actual costs for the audit if you understate revenue by more than 2% or fail to deliver to us required reports on time	Immediately upon demand	See notes below.
Non-Compliance Fee	\$200 per day	Upon demand	Paid for each day that you operate the franchise without having complied with conditions communicated to you in a Notice of Default, or in violation of the post-expiration and termination or transfer requirements.

\*Unless otherwise indicated above, all fees are imposed by and payable to us. All fees are non-refundable.

## **NOTES**

**App Fee.** An App Fee applies to credit card transactions processed for customer payments processed through the required Indy Clover App or software. This fee is automatically deducted by the Indy Clover App, at the time the deposit into your account is made, in an amount of 1.25% of the gross credit card transaction.

**Taxes.** You must pay any taxes imposed as a result of your payment to us of initial or ongoing fees.

**Audits.** We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2



percent or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, National Marketing Fees, and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under the Franchise Agreement or by law.

Addendum Fee. If you request a modification to your Franchise Agreement that must be achieved through a written addendum to the agreement, we incur legal costs to prepare an appropriate legal document. To defray these costs, for each addendum you request, we charge a processing fee. Such a fee is assessed per addendum, and not per clause or change requested. It is only assessed as actual requests for an addendum are approved, and upon completion and execution of the addendum. Changes or addenda requested by us are not subject to this processing fee.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

EXPENDITURE	ESTIMATED AMOUNT	PAYMENT METHOD	When Due	TO WHOM
Initial Franchise Fee	\$25,000	Cash	Upon signing Franchise Agreement.	Us
Training Fee (Note 1)	\$5,000	Cash	Upon signing Franchise Agreement	Us
Marketing	\$2,500 to \$10,000	As Incurred	As Incurred	Approved Suppliers
Project Management Fees (Note 2)	\$0 to \$5,000	Cash	Pre-Opening	Us
Lease	\$6,000 to \$12,000	As Incurred	As Incurred	Landlord
Leasehold Improvements	\$15,000 to \$40,000	As Incurred	As Incurred	Contractors, handymen
Opening Order for Furnishings, Fixtures, Office and Computer Equipment, Software, and Technology, Signage, Custom Paint, and Inventory (Note 3)	\$75,000	Cash	Upon signing Lease with Landlord	Us
Travel and Living Expenses to Attend Training	\$500 to \$1,500	As Incurred	Before and During Training	Airlines, Hotels, Restaurants, etc.
Insurance	\$150 to \$300	As Incurred	As Incurred	Insurers
Utility Deposits and Fees	\$150 to \$500	As Incurred	As Incurred	Vendors
Professional Services, Licensing Fees, Legal and Accounting Setup	\$150 to \$1,500	As Incurred	As Incurred	Retained Professionals
Architect (Note 2)	\$0 to \$5,000	As Incurred	As Incurred	Architect Company
Payroll	\$5,000	As Incurred	As Incurred	Employees and Contractors
Additional Funds (3 months) (Note 4)	\$25,000 to \$30,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
<b>TOTAL</b>	<b>\$159,450 to \$215,800</b>			

## **Notes:**

You should anticipate the preceding initial expenditures in connection with the establishment of a **Indy Clover** franchised business. Additional factors related to each expenditure category are described in the following notes.

Note 1: The Training Fee includes franchisor's travel expenses related to on-site training.

Note 2: Franchisees that lease space that is already built out generally do not need project management or an architect and would not incur these costs.

Note 3: The Opening Order generally includes the required signage, booths, shelving, racks, mirrors, hardware, furniture, fixtures, computer and office equipment and software and technology, décor items, and inventory.

Note 4: We estimate that the initial phase covered by the additional funds estimate will be approximately 3 months. The high and low estimates are also based on our and our owners' experiences in the high-end clothing consignment line of business from 2022 to the present. The predominant factors for calculating the 3-month estimates are amounts paid for your location, employee wages and inventory.

A. The typical franchise of a fixed facility will need approximately 2,750-3,500 square feet of space. The cost of purchasing or leasing such space varies with the location and size of the premises. You may, at your election, use our vendor to obtain architectural guidance at their then-current rates.

B. You are required to have access to a reliable computer, telephone, internet services and reliable transportation.

C. Supplies, equipment, and inventory are required as outlined in the Operations Manual and a copy of an itemized projected supply and equipment list may be obtained from that Operations Manual prior to execution of your Franchise Agreement.

D. A minimum of **\$25,000** as additional funds for working capital is strongly recommended, although not required. You should plan on other sources of income to cover your living expenses. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

You will have the other usual expenses involved in establishing a business. These expenses vary greatly. They include, but are not limited to, attorney fees, license fees, deposits, sales tax bonds where required, pre-opening marketing and recruiting expenses, employee wages, utility costs, supply expenses, and personal living expenses.

You must pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of your franchise. You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the franchise.

If you purchase multiple franchises under the Multi-Unit Addendum, multiply the estimated initial investment range times the number of franchises purchased. You must purchase at least two and up to three units under the Multi-Unit Addendum.

## **Note to Franchise Transferees**

It is up to you and the selling franchisee to negotiate and determine the purchase price for the Franchised Business, which may include some or all of the items listed in the chart above. We will not necessarily review or comment on the sufficiency or appropriateness of the purchase price to be paid by you. To the extent that any of the items listed above are not included in the purchase price, you may need to incur these costs in addition to the purchase price.

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## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES**

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We will provide to you a copy of or online access to our training, procedures, standards and specifications, and advertising and marketing materials and manuals, collectively called the “Operations Manual.” We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost, unless we otherwise specify. We reasonably may designate minimum standards for operations and designate guidelines, as specified in the Operations Manual. The Operations Manual is confidential and our exclusive property.

The Operations Manual contains the Indy Clover system and related specifications, standards, operating procedures, accounting and bookkeeping methods, marketing programs and ideas, marketing layouts, marketing guidelines, operation requirements, public relations guidelines, product and service guidelines, and other rules that we may prescribe.

You must purchase all equipment, inventory, and all other items used and offered and sold in your franchised business in accordance with our specifications and guidelines to ensure the quality and uniformity of products and services in the franchise system. You must only purchase and source equipment, supplies, products, and inventory to be offered and sold on consignment from us and our affiliates or approved or designated vendors, suppliers, distributors, or sources. You may request our approval of a vendor, supplier, distributor or source but approval is at our sole option and discretion. We may approve the brand and specification of a given product, inventory, equipment, or supply item and the supplier, vendor, distributor, or source, or either or both or neither. Any equipment, products, inventory, or other items that bear the Indy Clover logo or have the words “Indy Clover” in them must be bought from us, our affiliate, or an approved supplier or source.

You must use only Indy Clover branded supplies approved and provided by us or our affiliate or an approved vendor or source. This is to ensure quality standards and to ensure brand uniformity and quality of the marketing. We have gone through significant development processes for Indy Clover branded products, inventory, and supplies.

You may only use approved online and social media accounts that we approve and that we own and control. You must use our smartphone or tablet-based application or designated software for point-of-sale and customer relationship management needs and to process all orders and sales transactions.. You are required to use this application or software to record all revenue transactions, or any other designated software as set forth in the Operations Manual.

We may require you to install and use accounting and business control computer systems approved by us. You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, software and hardware (including but not limited to programs, laptop or tablet devices, computer terminals, printers./scanners and Internet connection) which strictly conform to our specifications. and the specifications of any approved vendor and any point-of-sale app or software. The total purchase costs for these additional computer systems will range from \$500 to \$2,500, however, the additional computer systems are currently included in the Opening Order..

We reserve the right to solely stock, fill and procure products and inventory of your Clover Corner section in your retail store and to manage all related processes and logistics.

You must purchase all equipment, products, inventory, and all other items used in and offered and sold through your franchised business from us or from approved suppliers to ensure the quality and uniformity of products and services in the Indy Clover franchise system. We may attempt to negotiate group discount rates for the benefit of our franchisees for products, supplies, and equipment. All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will upon request provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

Because of the nature of products and inventory items and branded items and materials and to ensure uniformity and quality of the equipment, products, inventory, and marketing materials used and offered and sold in our franchise system, we and our affiliates are currently the only approved supplier for and the Franchise Agreement requires that you purchase from us or our affiliate certain items ad materials. You must purchase through our affiliate ICFFE, LLC the standard furnishing, fixtures, and equipment package and signage, custom paint, and initial inventory for the Franchise. Some of these items and materials are sourced through other designated and approved vendors, but they must be purchased through our affiliate. You must purchase from our affiliate Ladyhood, LLC wholesale products and inventory for consignment and other specific clothing and inventory items that are required for the operation of the Franchise. We are currently the only approved suppliers for marketing materials and equipment, products, inventory, and all other items that bear the Indy Clover name or logo. You must purchase from us all such branded other items, including those that bear the **Indy Clover** name or logo. Our officers Tyler Peery and Malia Evans have an ownership interest in our parent, which owns us and our affiliates ICFFE, LLC and Ladyhood, LLC.

You may only use alternative suppliers, vendors, and sources with our advance written approval. With respect to all products and services for which our approval is required, we may approve, withhold approval, or revoke approval of a supplier, vendor, or source in our sole discretion. Except for single source equipment, supplies, products, inventory, and materials, you may request our approval by written notice to obtain products, inventory, equipment, supplies or materials from suppliers, vendors, or sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality, durability, value, cleanliness, composition, strength and the suppliers' capacity and facility to supply your and franchise system needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier or source be delivered to a designated facility for review and testing before approval and use. We may, but are not required, to license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver **Indy Clover** products to you but to no other person. Our confidential requirements, systems and formulas will be revealed to potential suppliers only after we have

received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of receiving written notice from you of your request for approval.

We and our affiliates or agents may inspect any approved supplier, vendor, distributor, or source facilities and products, inventory, equipment, suppliers, or materials to assure proper processes. Permission for inspection will be a condition of our continued approval of any supplier, vendor, distributor, or source. If we find from any inspection that a supplier, vendor, distributor, or source fails to meet our specifications and standards, they will no longer be approved without our express written permission.

We and our parent company and affiliates may derive revenue from products and services that you are required to purchase. This revenue results from sales by us and our parent or affiliate to our franchisees of products, inventory, equipment, supplies, materials, and items bearing our names and services marks, certain marketing and brand development services, and rebates from third-party suppliers or sources. In our fiscal year ended June 30, 2023, we received approximately \$339,746 in revenues from such sales to our franchisees or from rebates which constituted approximately 69.7% of our \$487,670 in total revenues. We estimate that purchases from us, our parent, or approved suppliers will be from **70** to **80** percent of the total purchases you make to commence operations of your franchise. We estimate that purchases from us, our parent, approved suppliers will be from **50** to **75** percent of the total purchases you make to operate your franchise on an ongoing basis.

We may receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers or sources. If we have an official Indy Clover account for any supplier, you must purchase all products, inventory, equipment, suppliers, materials, or other items through the official Indy Clover account. Although we do not currently receive any rebates from any supplier or source, we reserve the right to negotiate rebates with suppliers and sources through which we receive a rebate on all franchisee purchases based on a percentage of sales such suppliers make to our franchisees in the future.

You will utilize only specifically-approved telephone numbers in all of your franchise advertising and promotional materials and in your franchise operations. We reserve the right to own or exercise complete control of these telephone numbers. With prior permission, you may point and connect telephone numbers that we own and assign to your franchise to your own separate telephone line. You will use no other telephone numbers to advertise and promote your franchise.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We currently provide material benefits to franchisees based on use of designated or approved sources including the right to renew your franchise rights and to obtain additional franchises.

We reserve the right to negotiate purchase arrangements with suppliers, including price terms for the benefit of our franchisee. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of products and materials and the provision of marketing, for the benefit of the **Indy Clover** franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to obtain and keep in force by advance payment of premium appropriate liability insurance. The insurance will include, at a minimum, the following:

- A. General liability insurance, including completed operations, property damage, contractual liability, independent contractors liability, and personal injury coverage with a combined single limit of at least **\$1,000,000** per occurrence and **\$2,000,000** aggregate, including umbrella coverage.
- B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

You insurance carriers must be A-9 or similarly rated. We may periodically increase the amounts of insurance coverage required under these insurance policies or require different or additional insurance coverage to reflect inflation, identification or new risks, changes in laws or standards of liability, or other relevant changes in circumstances. The insurance will not be limited in any way because of any insurance we maintain. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and, unless prohibited by applicable law, punitive damages assessed against you.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death, or property damage that may accrue due to your operation of the Franchise. Your general liability and workers' compensation policies must be primary and non-contributory and must contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees, and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each policy will be treated as though a separate insurance policy. Your policies of insurance will contain a separate endorsement naming us as an additional named insured.

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## **ITEM 9. FRANCHISEE'S OBLIGATIONS**

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

<b><u>OBLIGATION</u></b>	<b><u>SECTION IN FRANCHISE AGREEMENT and MULTI-UNIT ADDENDUM (“MA”)</u></b>	<b><u>DISCLOSURE DOCUMENT ITEM</u></b>
a. Site selection and acquisition or lease	Section 1.1 & 1.2	Items 6 & 12
b. Pre-opening purchases and leases	Sections 4.1, 5.1 & 8.2	Items 7 & 8
c. Site development and other pre-opening requirements	Sections 1.3, 3.1, 4.1 & 5.1	Items 7, 8 & 12
d. Initial and ongoing training	Sections 3.1 & 3.2, MA Section 5	Items 6 & 11
e. Opening	Sections 4.1 and 5.1 MA Section 3	Item 11
f. Fees	Sections 2.1, 2.2, 2.3, 2.4, 6.1, & 7.1, MA Section 5	Items 5, 6 & 17
g. Compliance with standards & policies/ Operations Manual	Sections 5 & 6.3	Items 11 & 17
h. Trademarks and proprietary information	Sections 1.1, 5.1, 5.3, 5.4, 5.5, 5.8, 5.9, 6.5, 9.2 & 9.10	Items 13, 14 & 17
i. Restrictions on products and services offered	Sections 1.2, 1.5, 5.1, 5.2, 5.5, 5.6, 5.7, 5.9, 5.10, 6.3, 6.5	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	Sections 5.1, 5.2 & 5.5	Item 11
k. Territorial development and sales quotas	Section 1.1, MA Section 1-3	Items 7 & 12
l. Ongoing product & service purchases	Sections 2.9, 5.1, 5.2, 5.5, 5.9, 5.10 & 8.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	Sections 1.4, 5.1, 5.2, 5.5 & 6.5	Items 7, 11 & 17
n. Insurance	Section 8.2	Item 7
o. Marketing	Sections 1.5, 2.3, 2.4, 2.6, 5.1, 5.2, 5.3, 5.4, 5.5 & 6.5	Items 9 & 11
p. Indemnification	Sections 6.7 & 8.1	Item 6
q. Owner's participation/ management/ staffing	Sections 2.9, 3, 4.1, 5, 6.5, 6.8, 7, 9.3, 9.10, 9.12 & 9.14	Items 11, 15 & 17
r. Records and reports	Sections 2.8, 5.1, 5.2 & 5.5	Items 6, 11 & 17
s. Inspections and audits	Sections 2.9, 5.1, 5.2 & 5.5	Items 6, 11 & 17
t. Transfer	Section 7	Item 17
u. Renewal	Section 6.1	Item 17
v. Post-termination obligations	Sections 5.8, 5.9, 6.5, 6.6, 6.8, 9.9, 9.10, MA Section 5	Item 17
w. Non-competition covenants	Sections 5.8, 5.9, 6.5, 6.6, 6.8, 9.9, 9.10	Item 17
x. Dispute resolution	Sections 9.7 & 9.8	Item 17
y. Liquidated Damages	Section 6.5	Item 6



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## ITEM 10. FINANCING

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We do not offer or provide direct or indirect financing. We do not finance or guarantee your note, lease, or financial obligations.

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## ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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**Except as listed below, we are not required to provide you with any assistance.**

A. Pre-Opening Obligations

Before you open your franchise, we will:

- 1) Provide site selection guidelines and assistance, as we deem appropriate in our discretion, in connection with selecting the location and premises for your Franchise. We will also review and approve or reject, any proposed lease or purchase agreement for each location you propose as the premises for your franchised business (Franchise Agreement, Section 1.2). If you and we cannot agree on a site, we may terminate the franchise agreement and your Initial Franchise Fee and Initial Training Fee will be forfeited. . You are solely responsible to obtain and pay for the location at your own discretion and with our approval.
- 2) Provide a smartphone or tablet-based application or designate software that you must use as the point-of-sale for operations. You are required to use this app or designated software to record and process all sales transactions.
- 3) Provide access to or a copy of our Operations Manual, brand standards guide, guidelines, and marketing guide. These materials are proprietary and must be kept confidential by you. We reserve the right to make the Operations Manual and other materials available only in digital form via a website, intranet, or other reasonable means. (Franchise Agreement, Section 5.1).
- 4) Provide initial orientation and training to you, your owners, and your manager, if any, and access to our training materials (Franchise Agreement, Section 3.1).
- 5) Provide additional product offerings or spare parts that may be ordered at franchisee prices to be included in the Operations Manual.
- 6) Providing cloud-based resources and support and options for lead management.

**Time to Open**

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 90-150

days. You must complete the mandatory training and sign a lease for an approved location within **180 days** after you sign the franchise agreement. You must commence your franchise business operations within **240 days** after you sign the franchise agreement. Factors that may affect this time are finding and negotiating for the franchise premises, arranging for the training session, equipping the Franchise, obtaining initial inventory, financing and business permit requirements, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

If you are simultaneously purchasing more than one franchise pursuant to a Multi-Unit Addenda, we may extend the opening requirements for the additional franchises per the following development schedule: (Multi-Unit Addendum – Section 3)

1 <sup>st</sup> Franchise	8 months
2 <sup>nd</sup> Franchise	16 months
3 <sup>rd</sup> Franchise	24 months

If the commencement of operation obligation is not fulfilled, we may terminate the Franchise Agreement.

### **Operations Manual Table of Contents**

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. As of the date of this disclosure document, the Table of Contents of the current version of the Operations Manual consists of approximately 139 separate pages plus embedded content and videos and includes:

<b>Table of Contents for Manual</b>	
<b>Preface</b>	<b>7 pages</b>
<b>Intro</b>	<b>18 pages</b>
<b>Pre-opening Procedures</b>	<b>22 pages</b>
<b>Administrative Procedures</b>	<b>22 pages</b>
<b>Personnel</b>	<b>20 pages</b>
<b>Operating Procedures</b>	<b>21 pages</b>
<b>Brand Management</b>	<b>8 pages</b>
<b>Marketing Playbook</b>	<b>21 pages</b>

### **Training**

We will give you an approximately 5-day training and familiarization program before the start of your business. Training will be held at our headquarters in Lindon, Utah (Franchise Agreement, Section 3.1) at a time scheduled after the delivery of your screen, or as we may otherwise mutually agree. The Training Fee for the initial training program is paid for in addition to the Initial Franchise Fee. All your accommodations, travel, room, board, and wage expenses during this period are borne exclusively by you. The training program must be completed by all franchisees and you're your owners and any designated managers that will manage the franchise, unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary. The initial training program also includes orientation of brand, policies, procedures, and culture prior to your grand opening. You, your owners, and your managers must attend this orientation. As of the date of this disclosure document, the current agenda for the training includes:

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours Of Class Room Training</b>	<b>Hours of On- Site Training</b>	<b>Location</b>
Introduction, Overview, Philosophy	2		Lindon, Utah
Inventory Training – Connecting the Clovers Intranet	2		Lindon, Utah
Store Attendant Training	6		Lindon, Utah
Weekly Operating Schedule	1		Lindon, Utah
Social Media and Onboarding	3		Lindon, Utah
Discount Days and Discount Clover Form	1		Lindon, Utah
Booth Setup, Seller Bins, Booth Takedown, Items Left Behind	8		Lindon, Utah
Software Systems	4		Lindon, Utah
Exit Strategies	1		Lindon, Utah
Comprehensive Test	1		Lindon, Utah
Seller Payout	2		Lindon, Utah
Conclusion and Congratulations	1		Lindon, Utah
Grand Opening Training and Oversight		8	Your Location
<b>TOTAL</b>	<b>32</b>	<b>8</b>	

\* The Training Schedule may be amended.

Our trainer is Tyler Peery. Tyler has been our CEO since June 2022. He has operated our affiliate's Indy Clover™ stores in Lindon and Ogden, Utah since June 2022. He has been an executive in franchise-related businesses since November 2018. .

You must request to schedule a training session at least 35 days before the session is to start. Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisor's training personnel's availability.

The training session must be completed before the scheduled date of the opening of the franchise.

You, your owners, and any designated full-time manager must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement. If Franchisee is a business entity—whether LLC, corporation, partnership, etc.—then for purposes of this section all owners, members, shareholders or partners of the business entity must attend the mandatory training program. You are encouraged to attend the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you or the manager fails to complete the mandatory training to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including transportation, meals, accommodations and entertainment.

You must complete initial training prior to opening.

If you desire to have more than two individuals receive initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Although not required by agreement, we may, at our discretion or upon your request, provide other supervision, assistance, and services before the opening of your business; such as literature, marketing materials, displays, fliers, additional training assistance and a selection of inventory and supplies.

## **B. Our Obligations DURING the Operation of Your Franchise Business**

After you open your franchise, we will:

- 1) Provide you with such continuing advice and guidance as we reasonably determine as necessary. In particular, we will provide you advice and guidance regarding:
  - selection, purchasing, stocking and display of product and supplies;
  - hiring and training of employees;
  - formulation and implementation of national marketing and promotional programs;

- establishment and maintenance of administrative, and general operating procedures;
  - improvements to the system, including new products and services development;
  - financial advice and consultation; and
  - the manner in which products and services are offered.
- 2) At your option and upon not less than thirty-five days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. This additional training may consist of visits to our franchises, work experience and observation of franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. (Franchise Agreement, Section 3.2).
  - 3) From time to time we may provide refresher training programs or seminars. You will be exclusively responsible for paying all travel, living and other expenses and compensation for attending these programs and seminars. Each year, you or the designated managers of your Franchise may be required to attend up to 20 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. We may charge a reasonable Training Fee for these additional training sessions. (Franchise Agreement, Section 3.2)
  - 4) Administer our marketing program and formulate and conduct national and regional promotion programs.
  - 5) Inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.9 and 5).
  - 6) Inspect the facilities of your manufacturers, suppliers, and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Sections 2.9 and 5).
  - 7) We may provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include among other things: marketing materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing techniques or developments.

## **Marketing**

Currently we intend to promote our franchises through print, internet, and direct mail media. Marketing programs may be implemented locally and regionally through marketing cooperatives. We may use in-house marketing departments and may use regional marketing agencies. We may provide you marketing materials and point of sales aids for you to use in your local marketing and promotional efforts. We will use your National Marketing Fees to place marketing in

geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

We will provide you access to marketing and promotional materials as may be developed by us from time to time. We reserve the right to charge you a fee for these materials. All published marketing or sales material in any media must be approved in writing by us prior to release to the public. If you fail to obtain our prior written approval, then you must pay us \$500 per each unapproved marketing item per day, as liquidated damages and not as a penalty.

### **Marketing Funds**

You are required to pay us **\$1,000.00** as a National Marketing Fee (see Item 6, above). We reserve the right to temporarily lower, suspend, or rebate the National Marketing Fee at any time, upon prior written notice to you and to our other franchisees. We will administer the capital we receive as National Marketing Fees and direct all regional and national marketing programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may use the National Marketing Fee to maintain, administer, direct, prepare, and review national, regional, or local marketing materials and programs as we, in our sole discretion, deem proper. We are under no obligation to administer the National Marketing Fee to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of marketing. We shall not be obligated to expend all or any part of the Fees we receive during any specific period.

Each of our company-owned operations in the United States offering products and services similar to our franchisees will make contributions to the fund equivalent to the contribution percentage required of our franchisees.

Any National Marketing Fees not used in the fiscal year in which they were contributed will be applied and used for marketing expenses in the following year.

We do not use any of the National Marketing Fee to advertise our franchise opportunity, although we will place notices that franchises are available on marketing materials and on the internet. While marketing materials note that franchises are available from us, no marketing fees or assessments we collect from our franchisees are used for marketing that is principally a solicitation for the sale of franchises.

#### **Summary of National Marketing Fee Contributions and Expenses for Fiscal Year 2023**

<b>Expenses:</b>	Social media agency and content creation	\$26,500
	Email and SMS marketing; data collection	\$7,016
	Gift cards and giveaways	\$4,400
	Marketing Consulting	<u>\$1,700</u>
	iPad Stands	<u>\$4,541</u>
<b>Total expenses:</b>		<b>\$44,157</b>
<b>Marketing fund contributions:</b>		<b>\$21,000</b>
<b>Excess of expenses over contributions:</b>		<b>(\$23,157)</b>

The National Marketing Fees are administered by us. The National Marketing Fees are not audited. Neither we nor any of our parents, affiliates, or owners receive any payment for providing

goods or services paid for by the National Marketing Fees. You may obtain an accounting of the National Marketing Fees and expenditures upon written request to us.

### **Local Marketing Requirements and Expenditures**

We may require you to participate in certain marketing campaigns and initiatives as we designate in our discretion. Using materials previously approved by us or submitted for approval to us you may undertake local marketing initiatives.

### **Promotional Materials**

You will submit to us all marketing copy and other marketing and promotional materials before you use them in your local marketing program. You will not use any marketing copy or other promotional material until we approve it. You specifically acknowledge and agree that any web site will be deemed "marketing" under the Franchise Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the Operations Manual. The term "web site" means an interactive electronic document contained in a network of computers linked by communications software you operate or authorize others to operate that refers to the franchised business, proprietary marks, us, or the Method of Operation. The term web site includes, but is not limited to, Internet and World Wide Web home pages.

### **Marketing Cooperatives**

At this time, no Marketing Cooperatives exist, nor are any being considered. In the future, we may designate local, regional, or national marketing coverage areas for the development of cooperative local or regional marketing and promotional programs. A "marketing coverage area" is defined as the area covered by a particular marketing medium such as television, radio, or other medium, as recognized in the media industry. We will designate the geographic boundaries of cooperative marketing and promotional programs and the respective marketing coverage areas of these programs. We have the power to require cooperatives to be formed, changed, dissolved, or merged. As of the creation of this document, no such marketing coverage areas or marketing cooperatives are in place.

We will promptly notify you and our other franchisees of the establishment, modification, and geographical boundaries of regional marketing regions. We may require all franchisees located within each marketing region to meet periodically for the purpose of creating and establishing regional marketing programs. Each franchise and each operation we, our parent, or our affiliates own and operate will be entitled to one vote at these meetings. For the purpose of this subsection, each operation we own will be deemed to be a franchise.

If at any meeting of the franchisees in a marketing region, **65** percent of the franchisees vote to contribute to a regional marketing program, all franchisees within that region will be obligated to make a contribution to a regional marketing fund in the amount established by the vote (the "Regional Marketing Fund"). For purposes of voting among franchisees in a marketing region for approval of contributing to a regional marketing program, franchisor-owned outlets shall have the same voting power as other franchisees, save that in no event shall all votes approving contribution to a regional marketing program come exclusively from franchisor-owned outlets. No marketing region may require any franchisee in that region to make a contribution to a Regional Marketing Fund in excess of **two** percent of that franchisee's Gross Revenue. "Marketing coverage area" is defined as the area covered by a particular marketing medium such as television, radio, or other medium, as recognized in the industry. At the time a cooperative

local or regional marketing or promotional program is developed, we will provide to you a list of all open franchises within your marketing coverage area.

We will administer each Regional Marketing Fund in the same manner and upon the same terms and conditions as the National Marketing Fee outlined in this Item 11. (Franchise Agreement, Section 2.3). There are no other written governing documents that govern any cooperative marketing program. No Regional Marketing Fund will be audited. However, we will prepare annual financial statements that you may obtain upon written request to us.

Your contributions must be paid to the cooperative administrator we designate, when and in the same manner as the Royalty Fee and National Marketing Fee payments are paid to us. Please refer to Items 6, 8, and 9 for more information about our marketing programs.

Other than the National Marketing Fees and the Regional Marketing Funds described above, there are no other marketing funds in which you must participate.

### **Technology Systems**

We may require you to have a computer system with accounting and business control capacities. You must lease, purchase, or otherwise acquire, from sources of your choice and at your expense, software and hardware which strictly conform to our specifications. We will give you at least 90 days' written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially install the computer systems. Required computer systems, hardware, and software generally may cost between \$500 and \$1,500.

**E-Problem Disclaimer:** Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, the Year 2000 and similar date related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems including firewalls, password protection, and anti-virus systems, and to provide backup systems.

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## **ITEM 12. TERRITORY**

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### **Your Location and Territory**

You may only operate your franchise from a location that we approve. Once we have approved a specific location, you will operate your franchise there (the "Location"). You cannot operate the franchise anywhere else without our prior written consent. Your franchise will extend solely to that specific, approved Location.



Once we approve and you secure the Location, we will define the geographical area around the Location where we will not place or authorize anyone else to place an Indy Clover™ outlet (the “Franchise Territory”). The Franchise Territory will typically be a **5 driving-mile** radius from the approved Location, unless your Location is located in a major metropolitan downtown area or similarly situated or densely populated area or at a non-traditional location. In these cases, we may limit the boundaries of the Franchise Territory as we deem appropriate in our discretion. The size of the Franchise Territory may vary from other Indy Clover franchisees based on the location and demographics surrounding your Location. The exact boundaries of such a protected area may depend upon any major topographical features which clearly define a contiguous area, such as rivers, major freeways, and so forth. The boundaries of your Franchise Territory may also be described in terms of zip codes, city or county lines, or otherwise delineated on a map.

If you are simultaneously purchasing more than one franchise pursuant to the Multi-Unit Addendum, we reserve the right to provide you a larger territory, depending on the locations that you want to specifically reserve and their proximity to each other. We only extend the territory to contiguous trade areas and define such territory by a driving-mile distance from the first franchise location into contiguous trade areas or by a particular city, postal code, or other political subdivision, or by particular boundaries such as roads or rivers or other designations. (See Section 2 of the Multi-Unit Addendum).

For franchises located at “Non-Traditional Locations,” such as within a college, airport, convenience store, grocery store, stadium, arena or other similar limited-access venues, you will receive absolutely no protected territory. Further, unless you actually own and operate the entire venue (i.e., stadium, arena, mall, retail store, etc.) you must own and operate a traditional franchised store before you have the right to open a Non-Traditional Location franchise (unless we approve otherwise). A Non-Traditional Location franchise is subject to special standards and specifications as are outlined in our Operations Manual.

Generally, a franchise will encompass an adequate radius, in our assessment, to support your operations without being too close to other franchises.

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.

You may not establish or operate any other Indy Clover business without executing a separate franchise agreement for that facility.

We may sell products, operate, or sell franchises within the Franchise Territory under a different brand. To establish additional franchise outlets, you must not be in default in any material provision of any and all agreements between you and us; your proposed location must meet our franchise placement and market penetration criteria; and you must sign our then-current franchise agreement.

We may:

- A. operate or grant franchises or licenses to others to operate Indy Clover franchises anywhere outside your Franchise Territory;
- B. establish and license others to establish retail stores, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services that are located either within or outside of your

Franchise Territory; or for any rental opportunity that you cannot fulfill with your current inventory, we reserve the right to fulfill the order and remit to you a 10% commission from the gross profits we derive from that order in your territory;

- C. market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether or not the purchaser is located within or outside your Franchise Territory) under any proprietary mark, including “Indy Clover”, through alternative channels of distribution, within or outside your Franchise Territory, including through automotive stores and centers, super markets, wholesale markets and convenience stores, as well as via the Internet, telemarketing, catalog sales, or other direct marketing sales even within your Franchise Territory. We are not required to pay you any compensation for accepting or soliciting orders from or selling inside your Franchise Territory;
- D. establish or operate and license others to establish or operate an Indy Clover Unit at any location outside your Franchise Territory, regardless of the Unit’s proximity to your Franchise Premises; and
- E. acquire, be acquired by, merge or affiliate with, or engage in any transaction or other business (whether or not those businesses are competitive), including competing franchise systems with units operating in your Franchise Territory. If we acquire a competitive business or a competitive franchise system with units operating in your Franchise Territory, we have the right to operate the business under the Proprietary Marks in your Franchise Territory without affording any rights to you or providing any compensation to you.

Those operating under the Indy Clover system may solicit and service customers and advertise their businesses regardless of the geographic location of such customers, even in your Franchise Territory.

We may solicit customers inside your Franchise Territory through direct marketing to generate leads from which you will benefit.

You do not have the right to use other channels of distribution, such as the Internet, catalog sales, or telemarketing to solicit or make sales. There is no restriction on Our or Our affiliate from establishing other franchises or company owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark.

You agree not to conduct the business outside the Franchise Territory without our prior written consent.

We reserve the right to acquire the assets or ownership interests of one or more businesses providing services similar to those provided by the Franchised 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 the Territory).

### **Relocation**

You must receive our written permission before you relocate your retail location. Any relocation will be at your sole expense.

### **Continuation of Your Franchise**

Your territorial exclusivity is not dependent upon achievement of a certain sales value, market penetration, or any other contingency. There are no other circumstances that permit us to modify or alter your territorial rights during the term in your Franchise Agreement.

### **First Right of Purchase and Right of First Refusal**

You do receive a first right to acquire additional franchises or grant sub franchises within the Franchise Territory or in contiguous territories. You have been extended options, rights of first refusal, or similar rights to acquire additional franchises or grant sub franchises within the Franchise Territory or in contiguous territories.

### **Minimum Sales Quota**

There are no minimum sales quotas required by Indy Clover Franchising, LLC nor your Franchise Agreement.

### **Our Use of the Service Marks and Indy Clover Products and Services**

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our service marks and trademarks to others. Neither we nor our affiliates are restricted from participating in other distribution methods, whether or not within the Franchise Territory, including Internet, other forms of media now or in the future developed, wholesale and mail order channels, whether under our principal marks or under marks and product configurations different than those offered through your franchise.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, marketing, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name, or trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

### **Your Use of the Service Marks and Indy Clover Products and Services**

Except with our prior written permission, you will not place under any circumstances advertisements using the Service Marks in or originating from any area other than the Franchise Territory.

Except as otherwise provided in the Franchise Agreement or the Operations Manual, you may not directly market to, solicit or service customers whose principal home address or place of business is outside the Franchise Territory. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media. All Internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site. You may not solicit or accept orders outside your Franchise Territory under other channels of distribution (such as the Internet, other forms of media now or in the future developed, wholesale and mail order channels) without our prior written approval.


Only we may place national marketing or marketing cooperative spending.

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## ITEM 13. TRADEMARKS

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We will license to you the right to use the Indy Clover names, marks, and logos. We have registered the following principal mark with the United States Patent and Trademark Office ("USPTO") on the principal register:

Mark	Registration Number	Registration Date
	7121124	July 25, 2023

All required affidavits have been filed.

We also claim common law rights to the "**Indy Clover**" names, marks and logos.

No decision of any court or government agency limits our right to use or license the use of the Indy Clover marks. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board trademark administrator of any state or any other government agency or court concerning our marks nor are there any pending infringement, opposition or cancellation proceedings or pending material litigation involving the marks.

You may not use the words "Indy Clover," or any variant, in any entity name without our written permission. You may not apply for, attempt to obtain or accept any form of trademark, trade name or other similar registration in any of the Indy Clover names or marks.

The marks are our exclusive property. You will immediately notify us of any infringement of, or challenge to, your use of the marks. We and our parent will have sole discretion to take or not to take action, as we deem appropriate. We are not required to protect your rights to use the marks or to protect you against claims for infringement or unfair competition arising out of your use of the marks. We and our parent have sole discretion as to whether to defend you against or indemnify you for expenses or damages incurred due to claims of infringement or unfair competition arising out of your use of the marks. The franchise agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the marks, or if the proceeding is resolved unfavorably to you. We have the sole right to control any administrative proceedings or litigation involving the marks.

You must follow our rules when you use the marks. You may not use the marks in any manner we have not authorized in writing.

All goodwill associated with the marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our and our parent's benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the marks, or any colorable imitation of them, combined with any other words or phrases.

We may change or modify any part of the marks at our sole discretion. You will accept, use and protect, for the purposes of the franchise, all changes and modifications as if they were a part of the marks at the time the franchise agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

There are no presently effective determinations of the USPTO, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding and any pending material litigation involving the marks in any state.

There are no agreements that concern our rights to use or license the use of the marks. We know of no infringing uses that could materially affect your use of the marks.

We are not aware of other companies that use "Indy Clover" in their name.

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## **ITEM 14.**

### **PATENTS, COPYRIGHT, AND PROPRIETARY INFORMATION**

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We intend to affix a statutory notice of copyright to our Operations Manual, to most of our marketing products, and to our paper and service products, and to all modifications and additions to them. There are no determinations, agreements, infringements or obligations currently affecting these notices or copyrights. You have no rights to the copyrighted material. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your franchise agreement.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. We claim proprietary rights in our proprietary estimating software and reporting systems. We consider these proprietary systems as our trade secrets. You are only permitted to use our proprietary systems in accordance with the Franchise Agreement and only as long as you are a franchisee. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to and interest in our copyrights and other proprietary information.

You must keep confidential any and all documents marked “proprietary” and the information provided by documents marked “proprietary.” This includes but is not limited to the Operations Manual, the brand guide, etc.

We have no patents and no pending patent applications material to your franchise.

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## **ITEM 15.**

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

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We require that you or one of your owners if you are a corporation or partnership, participate fully in the actual day-to-day operation of the franchise business. With our approval, after three months of operations, you may designate a Manager to assume responsibility for day-to-day operations. We do not impose any restrictions on who may serve as a Manager of your franchise; however you should exercise reasonable care in selecting your employees. Any Managers you employ to help you to operate the franchise must successfully complete the mandatory training program described in Item 11. Your manager is not required to have an equity interest in your franchise.

The Manager and all of your owners must agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement in writing.

Each of your owners must assume and agree to discharge all of your obligations under the franchise agreement.

Our Step-In Rights. As outlined in Section 6.7 of the Franchise Agreement, to prevent any interruption of the franchised business that would cause harm to the franchise and to our franchise system and lessen their value, we may step in to operate the franchise when we deem necessary. Reasons may include our determination that: you are incapable of operating the franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any taxes or assessments against the franchise or property used in connection with the franchise; you have failed to pay when due any liens or encumbrances of every kind placed upon or against your business property; or we decide that operational problems require us to operate the franchise for a time.

All Revenue derived from our operation of the franchise will be for your account. We may pay from that Revenue all expenses, debts, and liabilities we incur during our operation of the franchise. We will keep in a separate account all Revenue generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for us and our representatives.

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## **ITEM 16.**

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

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We require that you use, offer, and sell only those products and services that we approve in writing. (See Item 9.) You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete, and add to the authorized products and services. Approved products will be designated in the Operations Manual.

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## **ITEM 17.**

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

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#### **THE FRANCHISE RELATIONSHIP**

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

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the franchise term	Section 1.1	10 years
b. Renewal or extension of term	Section 6.1	If you are in good standing, you may renew for periods of 10 years under the terms of our then-current franchise agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Section 6.1	“Renewal” means that you, upon the expiration of the original term of the franchise agreement, have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than 6 months before expiration of the initial term; faithfully perform under the initial agreement; refurbish the Franchise and replace obsolete equipment; sign general release; sign a new agreement; pay up to \$2,500 renewal fee; and go through retraining.
d. Termination by franchisee	Section 6.2	You may terminate the Franchise Agreement if you comply with the terms of the Franchise Agreement and if we substantially breach any material provision of the Agreement and fail to cure or reasonably to begin to cure that breach within <b>30</b> days after receipt of written notice specifying the breach. Termination will be effective <b>10</b> days after you deliver to us written notice of termination for our failure to cure within the allowed period.
e. Termination by franchisor without cause	Not applicable	We cannot terminate unless you are in default
	Section 6.3	



<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
f. Termination by franchisor with cause		We can terminate only if you default.
g. "Cause" defined – curable defaults	Section 6.3(A)	You have 30 days to cure any default not listed in Section 6.3.
h. "Cause" defined – non- curable defaults	Section 6.3(B)	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of information.
i. Franchisee's obligations on termination/non-renewal	Section 6.5 & 6.8	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment and premises, payment of sums owed, confidentiality, and non-competition.
j. Assignment of contract by franchisor	Section 7.1	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee – defined	Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
L. Franchisor approval of transfer by franchisee	Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 7.1	The transferee must qualify as a franchisee, he must assume your obligations, you may not be in default, the transferee must successfully complete the mandatory training, the current assignment fee is the greater of \$5,000 or 7 percent of the proposed purchase price for the Business, plus applicable taxes, the transferee must sign a new franchise agreement on our then current terms, and you must release us.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 7.3	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, <b>60</b> -day notice and right to decide.
o. Franchisor's option to purchase franchisee's business	Section 7.3	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within <b>60</b> business days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria outlined in the paragraphs related to First Right of Refusal.
p. Death or disability of franchisee	Section 7.2	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-competition covenants during the term of the franchise	Sections 5.8 & 5.9	You may not disclose confidential information or compete.
r. Non-competition covenants after the franchise is terminated or expires	Sections 5.9 & 6.8	After termination of the Franchise Agreement, no competition is allowed for 730 days within the Territory, within a 100-mile radius of the Territory, within a 100-mile radius of any location where we operate or have granted the franchise to operate a Indy Clover business, and within the United States of America.
s. Modification of the agreement	Sections 5.5 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
t. Integration/Merger clause	Sections 5.1, 5.5, & 9.7	Subject to relevant state law, only the terms of the Franchise Agreement and Operations Manual are binding. Any other promises may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we make in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 9.8	Except for certain claims, all disputes must be arbitrated in accordance with the provisions of the <i>Arbitration Act</i> of the State of Utah in Utah County, Utah, except as stated in State Addenda to this Disclosure Document. The Franchise Agreement prohibits disputes from being arbitrated on a class or consolidated basis.
v. Choice of forum	Section 9.8	Litigation must be in Utah County, Utah, except as stated in State Addenda to this disclosure document or as required under applicable law.
x. Choice of law	Section 9.8	Utah law applies except as otherwise provided in the Franchise Agreement and subject to state laws in those states whose laws require exclusive application and except to the extent governed by the United States Trademark Act.

See State Law Addendum for additional, state-specific disclosures.

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## **ITEM 18.**

### **PUBLIC FIGURES**

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No public figures are involved in our franchise program.

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## **ITEM 19.**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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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 this Item 19 may only be given 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.

#### Financial Performance Representation

The following financial performance representation is based on historical data concerning the franchise system's outlets. The following representation includes tables and footnotes information concerning: Part 1: average and median gross sales; and Part 2: post-seller profits, estimated earnings, and estimated margins; from February 1, 2023 to January 31, 2024.

A total of 7 outlets are included. 4 franchised outlets were excluded because they did not open until after February 2023. As of June 30, 2023, there were 9 Indy Clover store locations, 2 of which were owned and operated by our affiliates. The number of franchisees included in this financial performance representation does not correlate exactly with the number of franchised units in the Item 20 tables because this financial performance representation is based on a February 2023 to January 2024 reporting period that differs from our June 30, 2023 fiscal year end and only includes franchisees that operated and reported to us gross sales for the entire reporting period. The averages and medians do not include gross sales from any franchisees operating less than one year because they began operations after February 1, 2023. We also excluded the affiliate-owned stores from Tables 1 and 4, so as to disclose only franchise-owned stores and their data. See the notes following the table for additional details.

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*PART 1*  
*Gross Sales*

Table 1 states average and median gross sales for franchisee outlets for the February 1, 2023 through January 31, 2024 reporting period. Table 2 shows the gross sales for the two affiliate-owned outlets for the same February 2023 to January 2024 reporting period. Table 3 states average and median gross sales for all outlets, franchisee and affiliate-owned, for the February 1, 2023 through January 31, 2024 reporting period. This information was compiled from the monthly gross sales reports submitted to us from our affiliate-owned stores and from our franchisees. This statement has not been audited and we have not undertaken to independently verify the accuracy of the information submitted to us by the franchisees.

**Table 1**  
**Gross Sales for**  
**FRANCHISEE STORES:**  
**February 1, 2023 through January 31, 2024**

<u>Total Franchisees</u>	<u>Average Gross Sales</u>	<u># (and %) of Franchisees at or above Average</u>	<u>Median Gross Sales</u>	<u># (and %) of Franchisees at or above Average</u>	<u>High</u>	<u>Low</u>
5	\$567,785	3 (60%)	\$593,418	3 (60%)	\$771,216	\$390,538

The gross sales information in Table 1 comes from the 5 franchised stores in the United States that were open from February 1, 2023 through January 31, 2024. The following table lists the individual results for each of the 5 franchises whose gross sales data was used to derive the average and median numbers in the table above. 4 outlets were excluded because they did not begin operating until after February 2023 and so they did not operating for the full reporting period. The table excludes our affiliate-owed outlets that operate in Lindon and Ogden, Utah (see Table 2, below).

<b>Store</b>	<b>Sales</b>
Store 1	\$480,410
Store 2	\$771,216
Store 3	\$603,344
Store 4	\$390,538
Store 5	\$593,418

“Gross Sales” means all sales reported from the outlet, including the sale of goods and services; it excludes taxes collected from customers and customer refunds and credits. Gross sales does not include any costs of goods sold, deductible expenses, profit or margin information.

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**Table 2**  
**Gross Sales for**  
**AFFILIATE-OWNED STORES:**  
**February 1, 2023 through January 31, 2024**

Store	Gross Sales
Lindon, Utah	\$833,248
Ogden, Utah	\$495,372

The gross sales information in Table 2 comes from the 2 affiliated-owned stores in Lindon and Ogden, Utah that were open from February 1, 2023 through January 31, 2024.

“Gross sales” means all sales reported from the outlet, including the sale of goods and services; it excludes taxes collected from customers and customer refunds and credits. Gross sales does not include any costs of goods sold, deductible expenses, profit or margin information.

**Table 3**  
**Gross Sales for**  
**ALL STORES: Franchisees and Affiliate-Owned**  
**February 1, 2023 through January 31, 2024**

<b><u>Total Franchisees</u></b>	<b><u>Average Gross Sales</u></b>	<b><u># (and %) of Franchisees at or above Average</u></b>	<b><u>Median Gross Sales</u></b>	<b><u># (and %) of Franchisees at or above Average</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
7	\$595,364	3 (42.3%)	\$593,418	4 (57.1%)	\$833,248	\$390,538

The gross sales information in Table 3 comes from the 7 stores, 5 of which were franchisee-owned and 2 of which were affiliated-owned, that were open from February 1, 2023 through January 31, 2024.

“Gross sales” means all sales reported from the outlet, including the sale of goods and services; it excludes taxes collected from customers and customer refunds and credits. Gross sales does not include any costs of goods sold, deductible expenses, profit or margin information.

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*PART 2*  
*Post-Seller Profit, Estimated Earnings, and Estimated Margins*

Table 4 states average and median post-seller profit, estimated earnings, and estimated margin information for franchisee outlets for the February 1, 2023 through January 31, 2024 reporting period. Table 5 shows the post-seller profit, estimated earnings, and estimated margin information for the two affiliate-owned outlets for the same February 2023 to January 2024 reporting period. Table 6 states average and median post-seller profit, estimated earnings, and estimated margin information for all outlets, franchisee and affiliate-owned, for the February 1, 2023 through January 31, 2024 reporting period. This information was compiled from periodic reports submitted to us from our affiliate-owned stores and from our franchisees. This statement has not been audited and we have not undertaken to independently verify the accuracy of the information submitted to us by the franchisees.

**Table 4**  
**Post Seller Profit, Estimated Earnings, and Estimated Margin for**  
**FRANCHISEE STORES:**  
**February 1, 2023 through January 31, 2024**

Franchisees	Post-Seller Profit		Estimated Earnings		Estimated Margin	
	Average	Median	Average	Median	Average	Median
5	\$287,502	\$293,530	\$61,730	\$46,527	18.0%	17.8%

The information in Table 4 comes from the 5 franchised stores in the United States that were open from February 1, 2023 through January 31, 2024. 4 outlets were excluded because they did not begin operating until after February 2023 and so they did not operating for the full reporting period. The table excludes our affiliate-owed outlets that operate in Lindon and Ogden, Utah (see Table 4, below).

3 out of 5 or 60% of the outlets attained or surpassed the stated average and median Post-Seller Profit numbers.

2 out of 5 or 40% of the outlets attained or surpassed the stated average Estimated Earnings number. 3 out of 5 or 60% of the outlets attained or surpassed the stated median Estimated Earnings number.

3 out of 5 or 60% of the outlets attained or surpassed the stated average and median Estimated Margin numbers.

The high and low numbers for each of the Post-Seller Profit, Estimated Earnings, and Estimated Margin numbers were as follows:

	High	Low
<b><u>Post-Seller Profit</u></b>	\$390,226	\$201,264
<b><u>Estimated Earnings</u></b>	\$117,892	\$26,236
<b><u>Estimated Margin</u></b>	28.4%	8.3%

“Post-Seller Profit” means income after deducting the portion of the sales proceeds that is paid to the consignment sellers whose clothing and products are part of each sale. Post-Seller Profit may not include all costs of goods sold information for every sales transaction.

“Estimated Earnings” means income after deducting key expenses from the Post-Seller Profit number. Key expenses typically include rent, labor, supplies, and similar business expenses but may not include other deductible business expenses such as travel and capital expenditure amounts.

“Estimated Margin” means the percentage ratio of Estimated Earnings compared to Post-Seller Profit. It may not include all items of income and expense that may be found in a typical profit margin calculation.

**Table 5**  
**Post Seller Profit, Estimated Earnings, and Estimated Margin for**  
**AFFILIATE-OWNED STORES:**  
**February 1, 2023 through January 31, 2024**

Store	Post-Seller Profit	Estimated Earnings	Estimated Margin
Lindon, Utah	\$392,476	\$122,994	29.7%
Ogden, Utah	\$240,674	\$51,522	18.4%

The Post-Seller Profit, Estimated Earnings, and Estimated Margins information in Table 5 comes from the 2 affiliated-owned stores in Lindon and Ogden, Utah that were open from February 1, 2023 through January 31, 2024.

“Post-Seller Profit” means income after deducting the portion of the sales proceeds that is paid to the consignment sellers whose clothing and products are part of each sale. Post-Seller Profit may not include all costs of goods sold information for every sales transaction.

“Estimated Earnings” means income after deducting key expenses from the Post-Seller Profit number. Key expenses typically include rent, labor, supplies, and similar business expenses but may not include all other deductible business expenses such as travel and capital expenditure amounts.

“Estimated Margin” means the percentage ratio of Estimated Earnings compared to Post-Seller Profit. It may not include all items of income and expense that may be found in a typical profit margin calculation.

**Table 6**  
**Post Seller Profit, Estimated Earnings, and Estimated Margin for**  
**ALL STORES: Franchisees and Affiliate-Owned**  
**February 1, 2023 through January 31, 2024**

Franchisees	Post-Seller Profit		Estimated Earnings		Estimated Margin	
	Average	Median	Average	Median	Average	Median
7	\$295,809	\$293,530	\$69,024	\$51,522	19.7%	18.4%

The information in Table 6 comes from the 7 stores, franchise and affiliate-owned, in the United States that were open from February 1, 2023 through January 31, 2024. 4 outlets were excluded because they did not begin operating until after February 2023 and so they did not operating for the full reporting period.



3 out of 7 or 43% of the outlets attained or surpassed the stated average Post-Seller Profit numbers. 4 out of 7 or 57% of the outlets attained or surpassed the stated median Post-Seller Profit numbers.

3 out of 7 or 43% of the outlets attained or surpassed the stated average Estimated Earnings number. 4 out of 7 or 57% of the outlets attained or surpassed the stated median Estimated Earnings number.

3 out of 7 or 43% of the outlets attained or surpassed the stated average Estimated Margin number. 4 out of 7 or 57% of the outlets attained or surpassed the stated median Estimated Margin number.

The high and low numbers for each of the Post-Seller Profit, Estimated Earnings, and Estimated Margin numbers were as follows:

	<b>High</b>	<b>Low</b>
<b>Post-Seller Profit</b>	\$392,475	\$201,264
<b>Estimated Earnings</b>	\$122,994	\$26,236
<b>Estimated Margin</b>	29.7%	8.3%

“Post-Seller Profit” means income after deducting the portion of the sales proceeds that is paid to the consignment sellers whose clothing and products are part of each sale. Post-Seller Profit may not include all costs of goods sold information for every sales transaction.

“Estimated Earnings” means income after deducting key expenses from the Post-Seller Profit number. Key expenses typically include rent, labor, supplies, and similar business expenses but may not include all other deductible business expenses such as travel and capital expenditure amounts.

“Estimated Margin” means the percentage ratio of Estimated Earnings compared to Post-Seller Profit. It may not include all items of income and expense that may be found in a typical profit margin calculation.

### **Bases**

These sales figures are derived from the actual historical performance of Indy Clover stores in operation during the reporting period stated above.

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

Written substantiation for this financial performance representation is available to you upon reasonable written request.

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable and consult with an attorney and other advisors prior to executing the Franchise Agreement.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-

owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tyler Peery at 155 S. State St., Suite C, Lindon, UT 84042 and (480) 635-6950, the Federal Trade Commission, and the appropriate state agencies.

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## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

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**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY  
As of June 30 for Years 2021 to 2023, and as of January 31, 2024**

<u>Column 1</u> <u>Outlet Type</u>	<u>Column 2</u> <u>Year</u>	<u>Column 3</u> <u>Outlets at the</u> <u>Start of the</u> <u>Year</u>	<u>Column 4</u> <u>Outlets at the</u> <u>End of the</u> <u>Year</u>	<u>Column 5</u> <u>Net Change</u>
Franchised	2021	0	0	0
	2022	0	2	+2
	2023	2	5	+3
	2024	5	9	+4
Company Owned or Licensed	2021	0	0	0
	2022	0	2	+2
	2023	2	2	0
	2024	2	2	0
Total Outlets	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>4</b>	<b>+4</b>
	<b>2023</b>	<b>4</b>	<b>7</b>	<b>+4</b>
	<b>2024</b>	<b>7</b>	<b>11</b>	<b>+5</b>

**Table No. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(other than the Franchisor)  
As of June 30 for Years 2021 to 2023, and as of January 31, 2024**

<u>Column 1</u> <u>State</u>	<u>Column 2</u> <u>Year</u>	<u>Column 3</u> <u>Number of</u> <u>Transfers</u>
Utah	2021	0
	2022	0
	2023	2
	2024	0

<u>Column 1</u> <u>State</u>	<u>Column 2</u> <u>Year</u>	<u>Column 3</u> <u>Number of</u> <u>Transfers</u>
<b>Total</b>	<b>2021</b>	0
	<b>2022</b>	0
	<b>2023</b>	2
	<b>2024</b>	0

**Table No. 3**  
**STATUS OF FRANCHISED OR LICENSED OUTLETS**  
**As of June 30 for Years 2021 to 2023, and as of January 31, 2024**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Outlets</b> <b>at the</b> <b>Start of</b> <b>the Year</b>	<b>Column 4</b> <b>Outlets</b> <b>Opened</b>	<b>Column 5</b> <b>Terminatio</b> <b>ns</b>	<b>Column 6</b> <b>Non-</b> <b>Renewals</b>	<b>Column 7</b> <b>Reacquired</b> <b>by</b> <b>Franchisor</b>	<b>Column 8</b> <b>Ceased</b> <b>Operatio</b> <b>s – Other</b> <b>Reasons</b>	<b>Column 9</b> <b>Outlets</b> <b>at End of</b> <b>the Year</b>
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Utah	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	1	0	0	0	0	5
<b>TOTAL</b>	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	3	0	0	0	0	5
	2024	5	4	0	0	0	0	9

**Table No. 4**  
**STATUS OF COMPANY-OWNED**  
**OUTLETS**

As of June 30 for Years 2021 to 2023, and as of January 31, 2024

<u>Column 1</u> <u>State</u>	<u>Column 2</u> <u>Year</u>	<u>Column 3</u> <u>Outlets at the Start of the Year</u>	<u>Column 4</u> <u>Outlets Opened</u>	<u>Column 5</u> <u>Outlets Reacquired from Franchisees</u>	<u>Column 6</u> <u>Outlets Closed</u>	<u>Column 7</u> <u>Outlets Sold to Franchisees</u>	<u>Column 8</u> <u>Outlets at End of Year</u>
Utah	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
<b>Total</b>	2021	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	2023	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	2024	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

\* Our affiliate Indy Clover L&S, LLC operates the Indy Clover™ business in Lindon, UT. Our affiliate Indy Clover Ogden, LLC operates the Indy Clover™ business in Ogden, UT.

**Table No. 5**  
**PROJECTED OPENINGS AS OF February 6, 2024 through June 30, 2024**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3</b> <b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4</b> <b>Projected New Company-Owned Outlets in the Current Fiscal Year</b>
Idaho	2	0	0
Oklahoma	1	0	0
Texas	1	0	0
Utah	3	0	0
<b>TOTALS</b>	<b>7</b>	<b>0</b>	<b>0</b>

Exhibit G contains a complete listing of all of our current franchisees and licensees and the addresses and telephone numbers of all of their operations as of **June 30, 2023**.

Exhibit G also contains a list of the name, city and state, and the current telephone number or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business

under the franchise agreement during our most recently completed fiscal year or who has not communicated with us or our affiliate within **10** weeks of the date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our standard franchise agreement, all renewal and transfer agreements, and all agreements to settle disputes with franchisees, generally contain confidentiality clauses. Thus, all our franchisees have signed a confidentiality clause with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with **Indy Clover**. 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.

The following is a list, to the extent known to us, of the names, addresses, telephone numbers, email addresses, and web addresses of each trademark-specific franchise organization associated with the franchise system being offered which we have created, sponsored, or endorsed: **NONE**.

The following is a list of any independent franchisee organizations that have asked to be included in this disclosure document: **NONE**.

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## **ITEM 21. FINANCIAL STATEMENTS**

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Attached in Exhibit A to this Disclosure Document are our June 30, 2023 audited financial statements and our inception June 30, 2022 pro forma, reviewed financial statements prepared in anticipation of launching the franchise system. . We have not been in business for three or more years, so we cannot disclose all financial statements required by this Item. Our fiscal year-end is June 30.

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## **ITEM 22. CONTRACTS**

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Attached are copies of the Franchise Agreement, including the Multi-Unit Addendum, the Multi-State Addendum, and all other related agreements you may have to sign when you purchase your franchise. The standard form release agreement that you will be required to sign in certain instances, such as for a transfer or renewal, is found in section 9.9 of the Franchise Agreement.

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## **ITEM 23. RECEIPTS**

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Attached to this Disclosure Document are two Receipt pages. They are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us (Exhibit J).

**Franchise Disclosure Document Exhibit A**

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**FINANCIAL**

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# **INDY CLOVER FRANCHISING, LLC**

**FINANCIAL STATEMENTS**

**WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2023 and 2022**



# INDY CLOVER FRANCHISING, LLC

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### ***Independent Auditor's Report***

To the Member  
Indy Clover Franchising, LLC  
Lindon, UT 84042

#### ***Opinion***

We have audited the accompanying financial statements of Indy Clover Franchising, LLC, which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations, member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indy Clover Franchising, LLC as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas <sup>1</sup>/<sub>3</sub> Dunlay

St. George, Utah  
March 5, 2024

## INDY CLOVER FRANCHISING, LLC

### BALANCE SHEETS

As of June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 44,937	\$ -
Accounts receivable	22,695	-
Franchise fee receivable	20,000	-
Total current assets	87,632	-
Non-current assets		
Property and equipment, net	3,841	-
Due from related party	26,032	-
Total non-current assets	29,873	-
Total assets	\$ 117,505	\$ -
<b>Liabilities and Member's Equity (Deficit)</b>		
Current liabilities		
Accounts payable	\$ 18,188	\$ -
Accrued expenses	16,787	-
Deferred revenue	240,000	-
Total current liabilities	274,975	-
Long-term liabilities		
Due to related party	20,249	-
Total liabilities	295,224	-
Member's equity (deficit)	(177,719)	-
Total liabilities and member's equity (deficit)	\$ 117,505	\$ -

The accompanying notes are an integral part of these financial statements

## INDY CLOVER FRANCHISING, LLC

### STATEMENTS OF OPERATIONS

For the years ended June 30, 2023 and 2022

	2023	2022
Operating revenues		
Franchise fees	\$ 45,000	\$ -
Royalty fees	81,924	-
Marketing fees	21,000	-
Sale of equipment	257,907	-
Sale of supplies	66,298	-
Other fees	15,541	-
Total operating revenues	487,670	-
Operating expenses		
Equipment expenses	146,788	-
Salaries and wages expense	111,289	-
Advertising	46,937	-
Marketing fund expenses	44,157	-
Supplies expense	34,911	-
General and administrative	17,844	-
Professional fees	15,945	5,000
Total operating expenses	417,871	5,000
Net income (loss)	\$ 69,799	\$ (5,000)

The accompanying notes are an integral part of these financial statements

**INDY CLOVER FRANCHISING, LLC**  
**STATEMENTS OF MEMBER'S EQUITY (DEFICIT)**

For the years ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Beginning member's equity	\$ -	\$ -
Member contributions	20,714	5,000
Member distributions	(268,232)	-
Net income (loss)	69,799	(5,000)
Ending member's equity (deficit)	\$ (177,719)	\$ -

The accompanying notes are an integral part of these financial statements

## INDY CLOVER FRANCHISING, LLC

### STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
Cash flows used in operating activities:		
Net income (loss)	\$ 69,799	\$ (5,000)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	202	-
Change in operating assets and liabilities:		
Accounts receivable	(22,695)	-
Franchise fee receivable	(20,000)	-
Accounts payable	18,188	-
Accrued expenses	16,787	-
Deferred revenue	240,000	-
Net cash provided (used) by operating activities	302,281	(5,000)
Cash flows from investing activities:		
Purchases of property and equipment	(4,043)	-
Net cash used by investing activities	(4,043)	-
Cash flows from financing activities:		
Proceeds from related party payable	20,249	-
Advances to related parties	(26,032)	-
Member contributions	20,714	5,000
Member distributions	(268,232)	-
Net cash provided (used) by financing activities	(253,301)	5,000
Net change in cash and cash equivalents	44,937	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	\$ 44,937	\$ -
Supplemental disclosures of cash flow		
Cash paid for interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statements



**INDY CLOVER FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Indy Clover Franchising, LLC (the "Company") was formed on June 29, 2022. The Company was organized as a limited liability company under the laws of the State of Utah. The Company was formed for the purpose of offering franchise opportunities to entrepreneurs who desire to own and operate an "Indy Clover" franchise. An Indy Clover business offers high-end clothing consignment services to the public.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending June 30 of each year.

The Company has two existing related party owned locations that provides similar services to the offered franchise concept.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of June 30, 2023 and 2022, the Company had cash and cash equivalents of \$44,937 and \$0, respectively.

*(e) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of June 30, 2023 and 2022, the Company had no allowance for doubtful accounts. As of June 30, 2023 and 2022, the Company had accounts receivable of \$22,695 and \$0, respectively.

**INDY CLOVER FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

*(f) Revenue Recognition*

The Company's primary revenues consist of fees from franchised locations. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, and marketing fees.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the entire initial fees are allocated to the pre-opening services and are recognized as revenue when those pre-opening services have been provided, which is generally upon commencement of operations.

*(g) Income Taxes*

The Company is structured as a Limited Liability Company under the laws of the State of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

**INDY CLOVER FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

The company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2023, there are no tax years open to examination.

*(h) Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of June 30, 2023 and 2022.

*(i) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, franchise fee receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

*(j) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

*(k) Advertising Costs*

The Company's policy is to expense advertising costs when incurred. During the years ended June 30, 2023 and 2022, the Company incurred advertising expenses of \$46,937 and \$0, respectively.

*(l) Marketing Fund*

The Company collects contributions to the Marketing Fund and expenses marketing costs as incurred. Marketing contributions for the years ended June 30, 2023 and 2022 were \$21,000 and \$0, respectively. Marketing fund expenses for the years ended June 30, 2023 and 2022 were \$44,157 and \$0, respectively.

**(2) Franchise Fee Receivable**

Franchise fee receivables consists of initial franchise fees owed the company as of June 30, 2023, but not yet received. As of June 30, 2023, the balance was \$20,000 related to a franchise agreement signed prior to year-end but not collected. The \$20,000 was collected subsequent to year end in August 2023.

**(3) Property and Equipment**

As of June 30, 2023 and 2022, the Company's property and equipment consisted of the following:

	2023	2022
Equipment	\$ 4,043	\$ -
Less: Accumulated depreciation	(202)	-
	\$ 3,841	\$ -

Depreciation expense for the years ended June 30, 2023 and 2022 was \$202 and \$0, respectively.



**INDY CLOVER FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

**(4) Deferred Revenue**

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to initial training, website, and operations manual, which is recognized when the franchisee begins operations. In the event revenue recognition criteria is not met, the associated initial franchise fees and any corresponding commissions are deferred. As of June 30, 2023 and 2022, the Company had deferred revenue of \$240,000 and \$0, respectively.

**(5) Related Party Transactions**

*(a) Due from Related Party*

During the years ended June 30, 2023 and 2022, the Company paid for certain expenditures on behalf of a related party. The receivable is unsecured and bears no interest. As of June 30, 2023 and 2022, the amount receivable was \$26,032 and \$0, respectively. The Company has not recorded any allowance for doubtful accounts related to this receivable.

*(b) Due to Related Party*

During the years ended June 30, 2023 and 2022, a related party paid for Company related expenditures on behalf of the Company. The payables do not bear terms and are classified as long term. As of June 30, 2023 and 2022, the amount owed was \$20,249 and \$0, respectively.

**(6) Commitments and Contingencies**

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**(7) Subsequent Events**

Management has reviewed and evaluated subsequent events through March 5, 2024, the date on which the financial statements were issued.

**Franchise Disclosure Document Exhibit B**

**Indy Clover Franchising, LLC**

**FRANCHISE AGREEMENT**

---

[Print name of individual]  
[Jointly and Severally, "You"]

**And**

---

[Print name of proprietorship, partnership, and company]  
[Jointly and Severally, "You"]

**And**

**Indy Clover Franchising, LLC**  
["We" or "Us"]

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**SCHEDULE B** Multi-Unit Addendum

# FRANCHISE AGREEMENT

THIS AGREEMENT has been entered this \_\_\_\_\_(the "Effective Date"). It is by and between **Indy Clover Franchising, LLC**, a Utah limited liability company, ("we, us") and \_\_\_\_\_and \_\_\_\_\_and \_\_\_\_\_(jointly and severally "you").

For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to "**Indy Clover**" (the "Service Marks") together with such Service Marks as are more particularly identified in the Indy Clover Operations Manual. We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and marketing of businesses that offer high-end thrift and consignment retain clothing services to the public under the Service Marks (the "Indy Clover System" or "System").

You desire us to train you and authorize you to operate a high-caliber franchise to offer and sell the Indy Clover System to the public and to use the Indy Clover System and Service Marks. We are willing to grant you such a franchise on the terms and conditions set forth in this Agreement.

You realize that entering into this Agreement will obligate you to operate your franchised business in strict accordance and conformity with the Indy Clover System and the standards, specifications and procedures as set forth in the Operations Manual that we will loan to you. You furthermore realize that there is a risk in owning any business venture including this one and that running a business can be very hard work. If you operate your Indy Clover Franchise below the standards we require, customers who patronize that Indy Clover franchise location will be less likely to patronize other Indy Clover locations. This would damage the business of others. It will be difficult for us to obtain new franchisees if a prospective purchaser observes that you do not maintain the required standards.

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Franchise Agreement, except those representations specifically disclosed in our Franchise Disclosure Document. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and that you have no knowledge of any representations by us, or our officers, directors, shareholders, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. We do not furnish nor do we authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of any Indy Clover operation that is inconsistent with disclosures in our Franchise Disclosure Document. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

## **1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY**

**1.1 Grant of Franchise; Franchise Premises and Franchise Territory.** As franchisor, we have the right to establish "Standards" for various aspects of the Indy Clover System that include the location, physical characteristics and quality of retail space operating systems and other concepts; the products that are sold; the qualifications of suppliers; the qualifications, organization and training of franchisees and their personnel; the timely marketing of products and our brand; and all other things affecting the experience of consumers who patronize our Indy Clover System. We make those Standards



available to you in our Operations Manual and in other forms of communication, which we may update from time to time. Complete uniformity may not be possible or practical throughout the Indy Clover System, and we may from time to time vary Standards as we deem necessary or desirable for the Indy Clover System.

As franchisee, you are responsible for the conduct of your employees and for otherwise exercising day-to-day control over your franchised business. You also have the responsibility to adhere to the Standards of the Indy Clover System as they now exist and may from time to time be modified, and you acknowledge that at the heart of the Indy Clover System and this franchise relationship is your commitment to that responsibility. Furthermore, you acknowledge that your commitment is important to us, to you, and to other franchisees in order to promote the goodwill associated with our Indy Clover System and Service Marks, and that this Agreement should be interpreted to give full effect to this paragraph.

We grant to you, and you accept from us, the franchise, license, and privilege to use the Service Marks, the Indy Clover System, and merchandise bearing the Service Marks, to operate a franchise with our System, using our intellectual property, and only in accordance with our Standards and the other terms of this Agreement, for 10 years from the date of this Agreement (the "Franchise"). This grant solely is for the operation by you of one Indy Clover franchise at an approved, specific location and business premises (the "Franchise Premise"). You cannot operate the Franchise anywhere else without our prior written consent. Your franchise will extend solely to that specific, approved Franchise Premises.

If the location for your Franchise Premises has not been determined when this Agreement is executed, you are responsible for selecting the site for your franchise within the geographical area identified and designated in Schedule A (the "Designated Territory"). The Designated Territory and your Franchise Premises must be in the United States of America, legally available pursuant to state, provincial, and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Once we approve and you secure your Franchise Premises, we will define the geographical area around the Franchise Premises where we will not place or authorize anyone else to place an Indy Clover™ outlet (the "Franchise Territory"). The Franchise Territory will be defined in an updated version of Schedule A which you and we must sign. During the term of this Agreement, we agree not to establish, or license anyone else to establish, any other franchise using the Service Marks or the Indy Clover System within the Franchise Territory, without your prior written consent. The Franchise Territory will typically be a **5 driving-mile** radius from the specific, approved Franchise Premises. If your Franchise Premises is in a major metropolitan downtown area or similarly situated or densely populated area or at a non-traditional location, we may limit the boundaries of the Franchise Territory as we deem appropriate in our discretion. The size of the Franchise Territory may vary from other Indy Clover™ franchisees and outlets based on the location and demographics surrounding your Franchise Premises. The exact boundaries of the Franchise Territory may depend on any major topographical features which clearly define a contiguous area, such as rivers, major freeways, and so forth. The boundaries of your Franchise Territory may also be defined in terms of zip codes, city, county, or state lines, or otherwise delineated on a map.

For franchises located at "Non-Traditional Locations," such as within a college, airport, convenience store, grocery store, stadium, arena or other similar limited-access venues, you will receive absolutely no protected territory. Further, unless you actually own and operate the entire venue (i.e., stadium, arena, mall, retail store, etc.) you must own and operate a traditional franchised store before you have the right to open a Non-Traditional Location franchise (unless we approve otherwise). A Non-Traditional Location franchise is subject to special standards and specifications as are outlined in our Operations Manual.

1.2 **Location for Franchise.** You will operate the Franchise and offer and sell products only at the Franchise Premises . . . Unless we specifically consent otherwise in writing, you must also perform the following from the Franchise Premises

- A. The storage of any equipment and inventory used in association with your Franchise.
- B. Maintenance of telephone, fax, email or postal address for the Franchise.

- C. Advertisement of the address, telephone, fax, email or any other contact information for your location.
- D. Generation of revenues for the Franchise.

You are solely responsible to obtain and pay for the location of the Franchise Premises at your own discretion and with our approval. We will provide site selection guidelines and assistance, as we deem appropriate in our sole and absolute discretion, in connection with selecting the location of your Franchise Premises. We will review and approve or reject any proposed lease or purchase agreement for each location you propose as the Franchise Premises. If not determined when this Agreement is executed, you are responsible for selecting the site for the Franchise Premises within the area designated in Schedule A and in accordance with this Agreement, the Operations Manual, and other relevant requirements or guidelines incorporated therein. If you and we cannot agree on a site for the Franchise Premises, we may terminate this Agreement and retain the entire Initial Franchise Fee and Training Fee paid to us.

1.3 **Franchise Development**. You are responsible to furnish and equip the Franchise at your expense.

- A. We will furnish to you training and instructions for the commencement of operations of your Franchise business. Any modifications you propose must be approved in writing by us. All approvals will be solely within our discretion to maintain a uniform image consistent with Indy Clover franchise system concepts.
- B. You will comply with the standards and specifications we establish in the startup manual or comparable instructions.
- C. You will comply within a time we deem reasonable with any requirement we impose in the startup manual or comparable instructions.

1.4 **Relocation of the Franchise**. You will not relocate the Franchise without our prior written approval. Any relocation will be at your sole expense and will additionally incur a \$5,000 relocation fee in consideration of our time and expenses relating to your relocation. This Agreement will govern your operations at any replacement Franchise location. You may decide to relocate the Franchise for the following reasons:

- in your and our judgment there is a change in character of the location of the Franchise sufficiently detrimental to your business potential to warrant its relocation, or
- you reasonably decide to relocate the Franchise for cause.

If so, you may relocate the Franchise to another available location, if:

- A. you are not in breach of this Agreement;
- B. you evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
- C. you develop and equip, at your sole expense, the new location according to our then current specifications and standards;
- D. you pay all reasonable out-of-pocket expenses we incur because of the relocation. The terms "Franchise Territory" and "Franchise Premises" will include the relocated business site; and
- E. you satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

1.5 **Rights We Reserve.** We retain all rights not specifically granted to you under this Agreement. Except as otherwise provided in this Agreement, we retain the right, in our sole discretion and without granting any right to you:

- A. to use or license the use of the Service Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by you under this Agreement. We expressly reserve the right to sell, or earn rebates and fees from the sale by others licensed or authorized by us to sell, proprietary products on a wholesale basis for use in preparing products that will not carry a Indy Clover brand. For any rental opportunity in your Territory which you cannot fulfill with your then-current inventory, we reserve the right to fulfill the order ourselves, from which a 10% commission derived from our gross profits on the opportunity will be paid from us to you.
- B. to operate and grant to others the right to operate Indy Clover businesses outside the Franchise Territory on such terms and conditions as we deem appropriate.
- C. to sell products or services anywhere, including within the Franchise Territory through channels of distribution other than the Indy Clover business currently reserved to you in the Franchise Territory, including Internet, other forms of media now or in the future developed, wholesale and mail order channels. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual or unless authorized by us in writing prior to your doing so.
- D. to establish, operate, own or franchise any business, including competitive businesses, outside of the Franchise Territory.
- E. To operate or grant franchises or licenses to others to operate Indy Clover franchises anywhere outside your Franchise Territory;
- F. To establish and license others to establish retail stores, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services that are located either within or outside of your Franchise Territory;
- G. To market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether or not the purchaser is located within or outside your Franchise Territory) under any proprietary mark, including "Indy Clover", through alternative channels of distribution, within or outside your Franchise Territory, including through automotive stores and centers, super markets, wholesale markets and convenience stores, as well as via the Internet, telemarketing, catalog sales, or other direct marketing sales even within your Franchise Territory. We are not required to pay you any compensation for accepting or soliciting orders from or selling inside your Franchise Territory;
- H. To establish or operate and license others to establish or operate a Indy Clover Unit at any location outside your Franchise Territory, regardless of the Unit's proximity to your Franchise Territory; and
- I. To acquire, be acquired by, merge or affiliate with, or engage in any transaction or other business (whether or not those businesses are competitive), including competing franchise systems with units operating in your Franchise Territory. If we acquire a competitive business or a competitive franchise system with units operating in your Franchise Territory, we have the right to operate the business under the Proprietary Marks in your Franchise Territory without affording any rights to you or providing any compensation to you.

1.6 **Nonexclusive.** We reserve the right to market, solicit sales, and sell, lease, rent or otherwise dispose of franchise products to any person or customer we want. These include national accounts, commercial customers, franchisees, end users or any other customer we may select. We may

exercise our right directly or indirectly by or through independent contractors that may include franchisees and dealers.

1.7 **Maximum Pricing.** We will be permitted, to the extent permitted by relevant law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell. Except as so specified by us or as otherwise required in this Agreement and in the Operations Manual, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale.

## 2 **PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS**

### 2.1 **Initial Franchise Fee and Training Fee.**

The Initial Franchise Fee is **\$25,000**. The initial Training Fee is **\$5,000**. You agree to pay us the Initial Franchise Fee and Training Fee immediately upon execution of this Agreement. The Initial Franchise Fee and Training Fee are paid in consideration of your equipment cost, together with our sales expenses, administrative overhead, return on investment, training and start-up costs related to the execution of this Agreement and the opening of the Franchise, and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others.

None of the Initial Franchise Fee and none of the initial Training Fee is refundable after execution of this Agreement.

### 2.2 **Royalty Fee.**

During each month beginning when you commence operations as a Franchisee under this Franchise Agreement, you will pay to us a **royalty fee equal to 5% of all gross revenues** received by your franchised business during each calendar month ("Royalty Fee"). Each month, the Royalty Fee will become due, and payments must be tendered due upon the 15<sup>th</sup> day of the month.

Notwithstanding any of the foregoing, if you fail to process or report your monthly sales through our proprietary software in accordance with the standards of the Operations Manual, the monthly minimum described above will not apply, and you will instead pay to us as a Monthly Minimum Royalty Fee the greater of (i) \$5,000 or (ii) 6% of your 12-month average for the previous twelve reported months (with the total being annualized if there are less than twelve months).

The Royalty Fee is due and payable on the 15<sup>th</sup> day of each month, for all Gross Revenue in the preceding month. The Royalty Fee shall be paid in the manner specified from time to time in the Operations Manual described in Section 5, below.

We may require these Royalty Fee payments to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as automatic pre-authorized payment plan, electronic funds transfer or the Internet.

2.3 **Marketing Fees.** You will pay us a National Marketing Fee equal to **\$1,000.00**. This fee is payable on the 15<sup>th</sup> day of each month. We reserve the right to temporarily lower or suspend this monthly fee at any time, upon prior written notice to you and to our other franchisees. We also may make a portion of this refundable upon satisfactory compliance with conditions that will be disclosed in our Operations Manual or other communications to you and to our other franchisees.

This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as automatic pre-authorized payment plan, electronic funds transfer or the Internet.

We may use all National Marketing Fees we receive from you in local, regional, national, Internet, or international marketing for:

- maintaining, administering, researching, directing and preparing marketing and promotional activities (including, among other things, the costs of preparing and conducting television, radio, magazine and newspaper marketing campaigns, public relations programs and press releases);
- direct mail and outdoor billboard marketing;
- marketing research and development;
- marketing surveys and public relations activities;
- development and maintenance of any Internet or e-commerce programs;
- marketing materials;
- decor and promotional materials;
- artwork; marketing services;
- training and conventions related to marketing, customer service and sales augmentation;
- production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations; and
- our reasonable salaries, accounting, collection, legal and other costs related to all of the above.

Our internal artwork, marketing, promotion and newsletter production costs and associated administrative costs are paid from the National Marketing Fees. These will be calculated at our cost as established from time to time.

We will place your National Marketing Fees together with contributions from our other franchisees in a common fund (the "Fund") to place marketing in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and the Indy Clover franchise system.

You recognize the value of marketing and the importance of the standardization of marketing and promotion to the furtherance of the goodwill and the public image of the Indy Clover System.

The Fund will be administered by us. We will direct all regional and national marketing programs. We will have sole discretion over the creative concepts, materials, endorsements, placement, and allocation of moneys from the Fund. The Fund will be used to maintain, administer, direct, prepare, and review national, regional, or local marketing materials and programs as we will in our sole discretion deem proper. It also will be used to cover our costs of collecting and administering the marketing fees we collect from our franchisees, including incurred legal fees. The Fund will be used to pay for joint marketing programs, including programs with our suppliers, sister corporations and co-branding partners. We are under no obligation to administer the Fund to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of marketing. We will not be obligated to expend all or any part of the Fund during any specific period of time. Upon your written request, we will provide to you the most recent annual accounting of the Fund.

The Fund may be used for marketing, marketing, public relations, production and media expenses related to promotion of the Service Marks, our franchise system and our products and services. The Fund may also be used for operational, administrative, office, rent, automobile, and collection expenses. We may use some part of the Fund for franchise sales, and may include references to the availability of franchises in materials produced and placed in media by the Fund.

We may create a marketing advisory board made up of Indy Clover franchisees. These franchisees will make recommendations on your behalf as to types of marketing, promotion and public relations. We will use these and other recommendations which we feel are appropriate when drafting a budget and program each year for the Fund.

We anticipate that all contributions and earnings of the Fund will be expended for the marketing and promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the Fund at the end of such taxable year, all expenditures in the following taxable year(s) will come first from earnings and contributions from the prior year and next out of earnings in the current year.

A. We Will Administratively Segregate Marketing Contributions. The Fund will be administered as follows:

1. We will administratively segregate all Fund contributions paid to us by our franchisees. All payments will be deposited in our general operating account; will be commingled with our general operating funds; and will be deemed to be our asset, subject however to our obligation to expend it in accordance with the terms of this Agreement.
2. Upon request, we will furnish to you annual financial statements of the Fund. Our books and records relating to the Fund will be available for your inspection during our normal business hours, upon reasonable notice and reasonably relevant requests.
3. Although we intend the Fund to be of perpetual duration, we maintain the right to terminate the Fund. The Fund will not be terminated, however, until all monies in the Fund have been expended.
4. An accounting of Fund contribution and expenditures will be prepared annually and will be made available to you upon request. Such accounting may include an audit of the contributions to and expenditures of the Fund prepared by an independent certified public accountant selected by us, at the Fund's expense.

B. You are Not a Third-Party Beneficiary of the Fund. We will have the sole right to enforce the obligations of you and all our other franchisees, who contribute to the Fund. Neither you nor any other of our franchisees who are obligated to contribute to the Fund will be deemed a third-party beneficiary with respect to the Fund or have any right to enforce any obligation to contribute to the Fund.

C. We May Return Funds to You or Use Funds for Regional Co-op Programs. We will have the right to expend all, or any portion of, the Fund for the following purposes:

1. for regional or local co-op marketing or promotional programs provided, however, that such programs will be available to all similarly situated franchisees; and,
2. if in our sole judgment, you or any other franchisee is located in a geographic territory not adequately serviced by our national or regional marketing programs, we may rebate all or a portion of the Fund Payment paid by that franchisee for use by that franchisee for local marketing. Expenditures by that franchisee will be in addition to the local marketing requirements set forth in this Agreement.

D. Establishment of Marketing Programs. At any time and from time to time, we will have the right to create or modify marketing regions for the purpose of establishing regional marketing, marketing and promotional programs. We will promptly notify you and our other franchisees, of the establishment, modification and geographical boundaries of regional marketing regions. We may require all franchisees located within each geographic region to meet periodically for the purpose of creating and establishing regional marketing programs. Each franchise unit, and each unit we own and operate, will be entitled to one vote at these meetings. For the purpose of this subsection, each unit we own will be deemed to be a franchise.

If at any meeting of the franchisees in a marketing region, **65%** of the franchisees vote to contribute to a regional marketing program, all franchisees within that region will be obligated to make a contribution to a regional marketing fund in the amount established by the vote (the "Regional Marketing Fund"). No

marketing region may require any franchisee in that region to make a contribution to a Regional Marketing Fund in excess of 2% of that franchisee's Gross Revenues.

We will administer each Regional Marketing Fund in the same manner and upon the same terms and conditions as the Fund established above. Alternatively, each Regional Marketing Fund will be administered pursuant to standards and procedures outlined in the Operations Manual by representatives elected by each region, at a meeting we call for this purpose. We will administer each Regional Marketing Fund in the same manner and upon the same terms and conditions as the Fund established above, or we may decide to have each Regional Marketing Fund administered by representatives elected by each region, at a meeting we call for this purpose.

You agree to participate in and contribute your share to the cooperative marketing and promotional programs in your marketing coverage area. The cost of the program will be allocated among franchisees in the marketing coverage area and each franchisee's share will be in proportion to its sales during the preceding 12-month period, or portion of this period, but we will not require that the aggregate of your contributions for local and cooperative marketing during any month exceed four percent of your gross receipts during that month. We will have the right to approve or disapprove the content of all marketing. "Marketing coverage area" will be defined as the area covered by the particular marketing medium (television, radio, or other medium) as recognized in the industry. In the event of a disagreement, our determination of the coverage area will be final.

E. Sales Leads/Regional, National and International Accounts. We will alert you to any national accounts we acquire which may have locations in the Territory. We will also refer to you any leads who call our national toll free number that are located in the Territory. We will e-mail or telephone this information to you.

We will maintain your name on certain bidder's lists for large corporations and government agencies in order to provide you with the opportunity to expand your business in the Territory.

To the extent that we enter into an agreement to provide materials or services to any national or international account which has a location within your Territory, we may offer you the right to service that account at that location at the terms upon which we and the national or international account have agreed. If, for any reason, you elect not to service a national or international account that is offered to you, we may, in our sole discretion, service such account or appoint any other party to service that account.

This may include past, current and prospective customers with which we or one or more Indy Clover franchisees have developed a relationship or standing as a preferred supplier. These may include, without limitation, customers with national, regional or multiple locations which may be located in the franchise territory of one or more Indy Clover franchisees. We and our franchisees have spent time, money and effort developing contacts, expertise and relationships with these Indy Clover customers that can cause certain business to be favorably secured by us and our franchisees for the mutual benefit of us and all of our franchisees. Such customers will be allocated and handled pursuant to processes and procedures outlined in the Operations Manual described in Section 5, below.

F. Obligation to Deliver Price Lists. You will deliver to us current price lists of all goods and services you sell in, at or through the Franchise. We will have the right to rely upon the accuracy of the price lists, and may use the information to advertise, market and promote the Franchise, and the goods and services you sell. At any time, you may amend, modify or change the price list by notifying us in writing. Price changes will not be effective for a period of 30 days after the notification, to enable us to modify marketing or promotional materials we use to advertise your goods or services. You will adhere to the price lists while they are effective. We may establish the prices at which you sell goods and services.

G. We May Advertise "Suggested Prices". In national or regional marketing programs, we may include "suggested prices" for the goods or services sold by you and our other franchisees. we will include within all our marketing the phrase "available at participating locations only" or other cautionary language to advise the consumer that the suggested prices may not be adhered to by all our franchisees. We may compel you to charge "suggested prices" to the extent permitted by state and federal laws and regulations.

H. Discount Programs. From time to time we may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within 5 days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by marketing, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion, and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program.

We may develop and market special promotional items which will be made available to you at our cost plus a reasonable mark up. You will maintain a representative inventory of such promotional items to meet public demand. You will have the right to purchase alternative promotional items provided that alternative goods conform to our specifications and quality standards. You must fully and accurately participate in, honor, accept and redeem all promotional and marketing materials that we authorize.

When required by relevant law, you will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of each program. Within 5 days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by marketing, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We may establish the programs in our sole discretion, and will have no obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or price of any promotional item established pursuant to any program.

I. Your Obligation to Advertise Locally. We may require you to participate in certain marketing campaigns and initiatives as we designate from time to time in our discretion. You will report the nature, extent and amount of these local expenditures, in the form and at the times we require in the Operations Manual and must at all times use marketing materials approved by us.

J. Telephone, Cellular Phone and Online Presence. You will advertise your franchise, in the applicable online and social media directory or directories that service your franchise area. This advertisement will be in the form and have the content specified from time to time in the Operations Manual. When more than one Indy Clover facility serves a metropolitan area, classified advertisements may at times list all Indy Clover units operating within the distribution area of the classified directory, and you will contribute your equal share in the cost of such advertisements. The expenditures for this marketing generally will be in addition to other local marketing requirements of this Agreement. From time to time, in our sole discretion, the Fund may be used for some or all of such marketing.

Indy Clover will furnish you with the appropriate email address or addresses, which you will use exclusively in all email correspondence related to the franchised business, and on marketing materials. Additional email addresses may be requested, at your cost.

You will buy your own phones for use in the Franchise, but the phone number for the Franchise shall be deemed to be our property. All costs associated with using and maintaining your cellular phones will be your sole responsibility. Your phone numbers must be used as your primary business contact and must be advertised and included in all marketing material as well as on any Indy Clover business cards. Upon termination (regardless for the reason for termination) or expiration of this Agreement, we reserve the right to acquire your cellular phones and/or their associated telephone numbers, and you agree to sell the phones and to transfer the associated telephone numbers to us (the phones shall be valued at the phones' current market value less 20%) if we elect to acquire them. No payment or compensation shall be due for the transfer of the phone number. You will pay any costs or penalties due to cancellation of your cellular phone plans. You agree to cooperate with us, and do anything reasonably requested by us, to complete the transfer of all phone numbers and/or phone accounts. To facilitate these provisions, you concurrently execute the Conditional Assignment attached hereto and incorporated by reference.



You will set up social media accounts for use in the Franchise, including but not limited to Instagram, Tik Tok, Facebook, and the like, but the social media accounts shall be deemed the property of us. All costs associated with using and maintaining the social media accounts, if any, will be your sole responsibility. Upon termination (regardless for the reason for termination) or expiration of this Agreement, we reserve the right to acquire all rights to your social media accounts. You agree to cooperate with us, and do anything reasonably requested by us, to complete the transfer of all social media accounts. No payment or compensation shall be due for the transfer of the social media accounts.

K. You Are to Use Local Marketing Materials We Supply or Approve. We will supply to you a Marketing Manual which will contain samples of local advertisements we approve, or upon your request, provide responses to approval requests for use of content of your creation. You will use only the marketing materials contained in the Marketing Manual, and may not, without our prior written consent, place any advertisement, in any media, which materially varies from the form and content of the approved advertisements in the Marketing Manual.

L. Approval of Your Local Marketing and Website and E-Commerce. You will submit to us all marketing copy and other marketing and promotional materials, public relations programs and press releases, radio and television marketing, specialty and novelty items and signs before you use them in your local marketing program. You will not use any marketing copy, public relations program, press release or other promotional material until we approve it. Your failure to conform to our provisions or requirements and subsequent non-action by us to require you to cure or remedy your failures and defaults will not be deemed a waiver of future or additional failures and defaults by you under this provision or any other provision of this Agreement.

You specifically acknowledge and agree that any web site will be deemed “marketing” under this Agreement and will be subject to (among other things) our approval. (As used in this Agreement, the term “web site” means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the franchised business, proprietary marks, us or the Indy Clover System. The term web site includes, but is not limited to, Internet and World Wide Web home pages.) In connection to any web site, you agree to the following:

1. We will allow you to establish a web page as part of our web site.
2. You will not establish or use the web page without our prior written approval.
3. Before establishing the web page, you will submit to us a sample of the web site format and information in the form and manner we may reasonably require.
4. In addition to any other applicable requirements, you will comply with our standards and specifications for web sites as prescribed by us from time to time in the Operations Manual or otherwise in writing or on a franchisee forum intranet system.
5. If you propose any material revision to the web page or any of the information contained in the web site, you will submit the revision to us for our prior written approval.
6. You will use only approved key words, meta tags and titles pertaining to our industry. We will e-mail or respond via facsimile approved key words, meta tags and titles upon your request by e-mail or facsimile.
7. You may only offer approved products or services on your web page. Any web site changes made without our approval will put you in default of this Franchise Agreement.
8. We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, marketing, co-branding, and other arrangements.

We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent.

9. If you want to independently advertise or promote in any media (including the Internet), you must obtain our prior written approval, except when using materials and media previously approved by us.
10. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.
11. We have established or may establish in the future an intranet or comparable on-line facility. You must use it in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials or otherwise communicate with you via the Internet or the intranet. At your sole expense, you will maintain and update as needed all computer system requirements and services necessary to access the Internet and the intranet in the manner we require. You are required to have DSL or other high speed Internet service to your business or home office where you will be able to access downloads from us of marketing materials, operations manual revisions, training materials and corporate news.

#### 2.4 **Additional Purchases and Build-out Notes**

A. Initial and Ongoing Purchases. It is a material term of this Agreement that all initial and ongoing purchases of inventory and equipment must be made ordered from us to promote consistency, brand identity, and the goodwill of the Indy Clover System. The initial purchases for furnishing, equipping, and setting up the System at the Franchise location includes but is not necessarily limited to all inventory, furnishings, supplies, fixtures, signage, office and computer equipment, software, and technology for the Franchise and must be purchased and ordered from us, in accordance with Standards we will determine from time to time.

B. Project Management Fees. We reserve the right to charge you a reasonable project management fee (the "Project Management Fee") related to our assistance and services in developing and opening your Franchise which fees will be itemized and invoiced to you, and are due upon receipt, and determined in our sole discretion.

C. Lease Build-Out Requirements. Unless otherwise agreed to in writing, as a material term of this Agreement, you agree to include in the build-out of the leased premises where the Franchise will be operated (and at your sole cost and expense), the following tenant improvements:

- Exposed ceiling showing ductwork
- Ceiling painted white
- Concrete polished floors
- Dedicated Storage Room
- Dedicated Office Space
- Dedicated bathroom with pink tile
- Required to use Vivint security
- Required to use track lighting and pendant lighting over dressing rooms

If some of these required improvements are not feasible or possible, then you must request a variance from us as soon as possible, but any variance must be agreed upon in writing signed by the parties. Failure to comply with these lease build-out requirements shall constitute a material breach.

In addition, your Franchise location must include a dedicated space, to be approved by us, for "Clover Corner," which will have items for sale that are supplied or curated exclusively by us. Items that are not approved by us cannot be displayed in Clover Corner. We reserve the right to solely stock, fill and procure products and inventory of your Clover Corner section in your retail store and to manage all related

processes and logistics. You agree to take inventory from us, and you shall be financially responsible for the inventory that is distributed by us, for Clover Corner. You are responsible in the event items from Clover Corner is stolen, lost, misplaced, etc. Sale proceeds shall be split between you and us in accordance with the Operations Manual, which may be amended from time to time. These requirements for the build-out and supplying of Clover Corner are a material term of this Agreement.

2.5 **"Revenue" Defined.** "Revenue" means all receipts generated by the Franchise from any source, including, but not limited to, sales, rentals, vending, exchanges, repairs, services, labor, service charges, service contracts, any other type of remuneration, gift, contra-deal, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds, tips, and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Revenue." "Gross Revenue" means the total Revenue for any calendar period as relevant.

2.6 **You Will Pay Taxes and Indebtedness.** You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Franchise, or inventory, materials, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you through the Franchise you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Royalty Fee, or any other payments you make to us pursuant to this Agreement.

You acknowledge that one of the benefits accruing to you and all of our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay in making prompt payment in accordance with the terms of the invoice or statements rendered to you for payments due, or misdirection of supplies or other abuses will result in a loss of credit standing and goodwill and a loss of benefits derived to us and other franchisees using the Indy Clover System. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements and to make timely remittances of rent as required on your lease.

2.7 **Royalty Fees, National Marketing Fees, and Other Sums to Be Paid Promptly.** You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

Late charges, as described herein, will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charges will accrue as follows: (i) for amounts outstanding and unpaid more than three days following their due date, a Late Fee of \$250 will be added to the unpaid balance; (ii) if amounts remain unpaid more than 20 days following the due date, interest of 1.5% shall accrue monthly and be added to the account balance. These late charges and interest will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

2.8 **Records.** You will keep a complete and accurate set of books and records of the operation of the Franchise as well as requested bank or other account statements related to those books and records, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and furnish copies of these statements to us within **30** days after the end of each quarter.

You will furnish to us as outlined in the Operations Manual, all reports outlined there, including but not limited to an itemized report of the Gross Revenue and of your profit and loss for the prior month. These reports must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand from time to time. All Royalty and National Marketing Fees due based upon the Gross Revenue for the preceding month will accompany the report.

You will keep records of all business done and Revenue received through the Franchise. These records will include, but are not limited to, order sheets, cash register tapes, sales and rental agreement forms, daily sales summaries, tax returns, financial statements, and invoices. You will date, file in consecutive order, retain for a period of **5** years, and make available to us for inspection and audit all of your records.

Our right to inspect will include the right to examine your books, tax returns and records of other businesses owned, in whole or in part, or operated by you to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We may establish a uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require.

You will submit to us a list of all shareholders, members, partners or other owners of the franchise business and the respective interests held by each as of the end of each fiscal year. Provided, however, if your shares are publicly traded, the list of shareholders required will include only those owning **5%** or more of the shares outstanding. The required report will be submitted to us within **90** days after the end of your fiscal year.

2.9 **Audits.** We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than **2%** or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs and pay as an additional Audit Fee an amount equal to **15%** of the amounts owed as a result of the underreporting. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, National Marketing Fees, and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid.

2.10 **You are to Pay all Franchise Costs.** All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Service Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will control your own employees and contractors. You will take all steps necessary to maintain a safe and healthy environment for your workers and customers.

2.11 **Attendance at Conventions.** We may hold conventions for the franchisees that make up our franchise system. These conventions may be held at a different location each time. They include programs on sales and marketing techniques, performance specifications, marketing programs, training suggestions, and committee elections, among other things. **Your attendance at each convention is required.** You will bear all expenses of attending, including travel, lodging, meals and entertainment. For any annual convention that you do not attend, we will deliver to you and you will pay us for all training materials, documentation, handouts, training videos, and video recordings of the activities of the convention. The price for the training materials, documentation, handouts, training videos, and video cassettes for each annual convention will be established by us from time to time. Should you fail to attend any Convention, you will be obligated to pay a Non-Attendance Fee of \$500, and upon our invoice to you for such fee, you shall pay such amount which shall be due upon receipt.

2.12 **Application of Payments.** We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

For the purposes of this Agreement, and all other instruments and agreements relating to it, we will have the right to treat any payment received from you as payment on account. We may apply any monies received from you in the following priority:

- a) to the payment of any sales or use taxes required to be paid in connection with any dealings between you and us pursuant to this Agreement;
- b) to the payment of interest on overdue amounts;
- c) to the payment of accrued late charges;
- d) to the payment of overdue or outstanding amounts;
- e) to the payment of current Royalty Fees;
- f) to the payment of current National Marketing Fees;
- g) to the payment of the purchase price for all or any items you purchase from us or Indy Clover Suppliers, and
- h) to the payment of rent and any other amounts payable by you to us,

in any order that we, in our discretion, decide and notwithstanding any contrary designations by you as to the application of your payments.

### 3 **TRAINING**

3.1 **Mandatory Training.** We will provide a mandatory approximately 5 contiguous day initial training program for you and each of your owners and any franchise store manager (if you will have a store manager) at a location we will designate (if Franchisee is a business entity—whether LLC, corporation, partnership, etc.—then for purposes of this section all owners, members, shareholders or partners of the business entity must attend and successfully complete initial training). This initial training program will cover material aspects of the operation of the Franchise, including use of our smartphone and tablet application, computer software and reporting systems, estimating, sales techniques, marketing plans and techniques, administration and bookkeeping controls, service methods, deployment of labor, and maintenance of quality standards. The initial training program also includes on-site orientation of brand, policies, procedures, and culture prior to your grand opening. You and your owners and any store manager must successfully complete the initial training program and orientation before opening the Franchise for business and within 180 days of the date of this Agreement.

You must ask us to schedule a training session for you, your owners, and any manager at least **35** days before the session is to start. You, all of your owners, and any manager must complete this mandatory training program to our exclusive satisfaction. Failure to successfully complete training may result in termination of this franchise agreement, pursuant to this Section 3.1. You are encouraged to begin training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you or any owner or your manager fails to satisfactorily complete the mandatory training course.

You will pay the transportation, board, and lodging expenses you, your owners, or the manager incur related to this training, including transportation, meals, accommodations and entertainment. The training course will be not less than five days at our training center or your point of service. Training and training materials may be delivered in the formats or media we choose. This may include course books or training exercises on paper, video, CD-ROM or other electronic format, via web cast or an intranet. You will participate in and pay for the training, including costs of computer equipment and internet services needed to participate.

If the Franchise is managed by any persons other than you, you shall notify us of these manager(s). Each manager you hire (including any initial store manager) must successfully complete the mandatory training program within one month after being hired. You will bear all costs of the training, including a reasonable training fee at our then current rates. Each of your employees will complete a training program as prescribed in the Operations Manual. All training programs for your employees will be conducted under the direction of you or your designated manager who has successfully completed the mandatory training course.

#### Individuals:

If you will be operating your franchised business as an individual, we require that you devote your full time and best efforts to the day to day operation of your franchised business with no operational or management commitments in other businesses except other franchises offered by us. If you continue to operate other businesses, you must employ separate personnel for the businesses, market services under one or more trading designations separate from the Service Marks, maintain separate offices and customer reception space and have the personnel related to such other businesses wear apparel that does not feature any of the Service Marks.

#### Partnerships:

If you will be operating your franchised business as a partnership, one or more partners must participate in the actual day to day operation of your franchised business. The partner or partners who are in charge of running your franchised business or your manager must have successfully completed our training course.

#### Corporations, Limited Liability Companies:

If you will be operating your franchised business as a corporation, limited liability company, or other legal entity, you must have in your employ a general manager. This general manager can be you, any member of your board, an officer of your corporation or member of your limited liability company. The general manager who is in charge of running your franchised business must have successfully completed our training course.

#### Managers/Training:

No matter what form of business you decide to use, the person assigned to running the day to day operations of the business must have completed our training course. Anyone in your employ who is a manager or crew leader of your franchise operations must also have completed our required training course.

In addition, the day before the grand opening of the Franchise, you shall (along with all of you employees and manager(s)), attend an orientation meeting, where we will present the brand, policies, procedures, and culture to the Franchisee and their staff after the ribbon cutting ceremony. If Franchisee is a business entity—

whether LLC, corporation, partnership, etc.—then for purposes of this paragraph all owners, members, shareholders or partners of the business entity must attend this orientation meeting. You will be responsible to secure the attendance of and to compensate and pay your employees to attend this mandatory orientation meeting.

In addition you will receive one week of field training and you will receive direct instruction on operating in accordance with our operations standards. These trainings may be completed following the mandatory training program and may be held at our headquarters or at another location of our choosing. The training programs will provide you with the specific techniques and nuances that relate to the products used in the Indy Clover system as well as location-specific applications of the mandatory initial training. Training must be completed prior to commencing operations of your franchise. You will pay the transportation, board, and lodging expenses incurred related to this training, including transportation, meals, accommodations and entertainment.

3.2 **Supplemental Training.** At your option and upon not less than **35** days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations. The cost for additional training shall be \$300 for each day, or an additional amount as may be established within the Operations Manual, plus any reimbursable or travel-related expenses.

This additional training may consist of visits to our franchises, work experience, and observation of franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training.

From time to time we may provide refresher training programs or seminars and may require that you, your owners, and/or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you, your owners, and/or the designated managers of your Franchise will be required to attend up to **20** hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. We may charge a reasonable Training Fee for these additional training sessions not less than \$300.

#### 4 **COMMENCEMENT OF OPERATIONS**

4.1 **Time to Complete Training and Sign Lease and Commence Operation.** You, all of your owners, and or your manager, if any, will complete to our exclusive satisfaction the mandatory training defined above, find a site location that is acceptable to you and approved by us and sign the lease for the Franchise Premises within **180** days after the execution of this Agreement. You must commence full and continuous operation of the Franchise within **240** days after execution of this Agreement. Prior to commencing operation, you will procure all necessary licenses, permits and improvements and purchase initial inventory. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a period of time that is reasonable under the circumstances.

4.2 **You Are to Obtain Permits and Licenses.** Prior to commencing business operations, you will obtain all local permits and licenses necessary to operate the Franchise, including relevant contractor licenses. You will comply with all of the provisions of all other applicable federal, state or local statutes, rules or ordinances.

#### 5 **FRANCHISE STANDARDS OF OPERATION**

5.1 **Operations Manual, Minimum Inventory, Supplies, Plans and Specifications, and Public Relations.** Our industry is highly competitive. Continuous efforts to maintain, update and improve the Indy Clover System are essential. The developments we will make for the benefit of our franchise

system as a whole are contemplated throughout the term of this Agreement. The continuous development of the Indy Clover System in this manner is an important and beneficial aspect of the relationship you want to have with us. We agree to provide to you a copy of or otherwise provide online access to the **Indy Clover Operations Manual** (the "Operations Manual") once you have paid to us the Initial Franchise Fee, in full. The Operations Manual describes the Indy Clover System, including training, specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, inventory requirements and control techniques, plans and specifications, product and service requirements, co-branding requirements, public relations and other rules that we may prescribe from time to time and identify as part of the Operations Manual. Among other things, the Operations Manual may contain information, requirements and standards related to:

- Planning and consulting
- Site selection assistance
- Permitting assistance
- Personnel management techniques
- Equipment standards and assistance
- Proprietary computer programs for estimating, point of sale, marketing, accounting, scheduling and reporting
- Inventory management assistance and training
- Written operations standards and assistance
- Initial and ongoing operational training
- Marketing and marketing
- Standards, ongoing training and ongoing support
- Insurance guidance and standards

The Operations Manual includes materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of your franchise, including user manuals and related instruction materials. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. The Operations Manual may be delivered to you by hard paper copy, via an intranet, via email attachment, or through any other chosen at our discretion that is readily available for such delivery.

For avoidance of confusion, the Parties state and agree that Franchisee's compliance with the Operations Manual is a continuing condition of the franchise license from Franchisor; however, the terms of the Operations Manual are not terms of this Agreement. The terms of the Operations Manual comprise a condition to the continued license of the franchise, and include such terms as may be contained in the aforesaid manual as of the date of the Franchise Agreement, together with updates thereto as may, from time to time, be provided by Franchisor to Franchisee.

The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement. The Operations Manual, in part, may consist of confidential:

- A. manual or manuals, and
- B. any Intranet or password protected portion of an Internet site, and
- C. any other embodiment of the Methods of Operation, including notices of new standards and techniques including all media identified by us as part of the Operations Manual, and
- D. any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

We develop minimum requirements for service, estimating, products, supplies, stationery, business forms, marketing, plans and specifications, materials and signs, among other things. These requirements are outlined in the Operations Manual and in other forms of communication, which we may update from time to



time. You have the responsibility to adhere to the Standards of the Indy Clover System as they now exist and may from time to time be modified. You will purchase all initial inventory items and additional items specified from time to time in the Operations Manual. We may amend the Operations Manual and Standards, including changes which may affect minimum requirements for your franchise operations and changes to commission structures. You will strictly adhere to the requirements of the Operations Manual and System as we amend it from time to time. You will immediately implement all changes at your cost, unless we otherwise specify. We reasonably may restrict you from producing, stocking, and selling certain services and goods, from time to time, as specified in the Operations Manual.

You must purchase items that bear the Service Marks from us or suppliers we approve from time to time. Proprietary items and supplies may be private labeled by us.

We retain the right to make a reasonable profit on any items, supplies and materials you buy from us. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you.

We may obtain money, goods, services, or other benefits from persons and entities with which you do business, on account of that business with you. These may include rebates, refunds, commissions, cooperative payments, or discounts. Such benefits or funds will be received and used for purposes as may be deemed desirable in our sole discretion. The uses to which we may put such funds may include such uses as providing supplemental training or offering promotional services to franchisees.

There are no required quotas as to quantity of purchases you must make from us or from approved vendors. You must only have enough supplies on hand to meet customer demand. If you elect to purchase equipment, inventory, and supply items from us at our then current prices, payment must be made when you place your order. The items we offer may include among other things equipment, merchandise, and supplies that bear the Service Marks. You may offer these Trademark bearing items only through the Franchise.

Any products and goods sold, licensed, or leased by or through us to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY YOU FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.**

We will not be liable to you if we are unable to deliver equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

You must purchase all equipment, inventory, products, supplies, materials, and other items used and offered and sold in the operation of the Franchise in accordance with our specifications and guidelines to ensure the quality and uniformity of products and services in the franchise system. You must only purchase and source equipment, supplies, products, and inventory to be offered and sold on consignment from us or our affiliates or approved or designated manufacturers, suppliers, distributors, or sources approved by us. You must purchase through our affiliate the standard furnishing, fixtures, and equipment package and

signage, custom paint, and initial inventory for the Franchise. Some of these items and materials are sourced through other designated and approved vendors, but they must be purchased through our affiliate. You must purchase from our affiliate wholesale products and inventory for consignment and other specific clothing and inventory items that are required for the operation of the Franchise. All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system. You specifically agree that as a condition to your continued use of the license granted to you pursuant to this Franchise Agreement, during and after customary business hours you will use only the type of telephone answering service or other means of telephone answering approved by us as the Franchisor. Preferred vendor rates and relationships may be negotiated by us from time to time, and you agree to enter into such agreements as may be necessary to avail yourself of such approved and preferred telephone answering services and to satisfy the condition to use an approved telephone answering service.

You will utilize only specifically-approved telephone numbers in all of your franchise advertising and promotional materials and in your franchise operations. We reserve the right to own or exercise complete control of these telephone numbers. With prior permission, you may point and connect telephone numbers that we own and assign to your franchise to your own separate telephone line. You will use no other telephone numbers to advertise and promote your franchise.

You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, in our discretion, disapprove in writing at any time.

You must use only Indy Clover branded supplies approved and provided by us or our affiliate or an approved vendor or source. This is to ensure quality standards and to ensure brand uniformity and quality of the marketing. We have gone through significant development processes for Indy Clover branded products, inventory, and supplies.

You may only use approved online and social media accounts that we approve and that we own and control. You must use our smartphone or tablet-based application or designated software for point-of-sale and customer relationship management needs and to process all orders and sales transactions.. You are required to use this application or software to record all revenue transactions, or any other designated software as set forth in the Operations Manual.

We may require you to install and use accounting and business control computer systems approved by us. You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, software and hardware (including but not limited to programs, laptop or tablet devices, computer terminals, printers,/scanners and Internet connection) which strictly conform to our specifications. and the specifications of any approved vendor and any point-of-sale app or software.

You may only use alternative suppliers, vendors, distributors, and sources with our advance written approval. With respect to all products and services for which our approval is required, we may approve, withhold approval, or revoke approval of a supplier, vendor, distributor, or source in our sole and absolute discretion. Except for single source equipment, supplies, products, inventory, and materials, you may request our approval by written notice to obtain products, inventory, equipment, supplies or materials from suppliers, vendors, distributors, or sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards may relate to all issues deemed by us to be relevant, and may include quality, taste, texture, composition, absorbency, strength, finish and appearance, and the suppliers' capacity and facility to supply your and franchise system needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier or source be delivered to an independent facility for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We may, but are not required, to license any supplier that can meet or exceed our quality control and confidential formula requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, systems and formulas will be disclosed to potential suppliers only after

we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We may require a Confidentiality and Non-Disclosure Agreement signed by the proposed supplier prior to release of any confidential information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

From time to time we or our agents may inspect any proposed or approved manufacturer's, supplier's, distributor's, or source's facilities and products, inventory, equipments, suppliers, or materials to assure proper processes, production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier, or distributor. Should we determine from any inspection that a manufacturer, supplier, vendor, distributor, or source fails to meet our specifications and standards, they will no longer be approved without our express written permission.

One of the benefits accruing to you and all our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of signs, equipment, products, supplies and other inventory items, or you misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all such invoices and statements in accordance with their terms.

5.2 **Standards to Be Maintained**. You will follow the Indy Clover System and maintain standards for products and service that we prescribe.

A. You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. You will only use signs, equipment, materials, products, inventory, plans and services that conform to our specifications to conduct the franchise.

B. You will maintain signs approved by us on the Franchise Premises . These signs must comply with local sign ordinances, regulations and laws. The signs will describe you only as a franchisee operating pursuant to this Agreement. You will apply only decals and logos approved by us on your vehicles, signs and equipment. You will keep your signs clean and legible and free of tears, paint problems, punctures, cuts, and graffiti.

C. We may inspect the Franchise at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may:

1. Inspect the Franchise;
2. Observe your operation of the franchise business for any consecutive or intermittent periods we deem necessary;
3. Select items, products and other materials, services, equipment and materials, operations and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards;
4. Interview your personnel, customers, vendors and co-branded partners; and
5. Inspect and copy any books, records and documents related to the operation of the franchise and any other franchise information we may require.
6. Hire a third party "secret shopper" or present ourselves as a customer without disclosing our identity for the purpose of evaluating the quality of products, services, and experience you offer. We may do this no more

than three times a calendar year and for a total cost of no more than \$125.00 per evaluation event.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. You expressly waive any rights of privacy or confidentiality you have with your personnel, customers, vendors and co-branded partners in reference to these inspections, observations and interviews.

D. You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities through the Franchise and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes.

E. You will not sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

F. After we have delivered to you written notice of default or violation of this Agreement or notice of specific actions, omissions, or instances of neglect or misguidance, we may employ professional shopping services to monitor your compliance with this Agreement. You will repurchase merchandise and otherwise fully reimburse these shopping services for goods, services, and other items they receive, lease, or buy from you in the process of verifying compliance, including reasonable travel and time costs. You will hold us harmless from any such charges incurred by any shopping service. We will pay all other charges made by the shopping services.

G. You, at your expense, will maintain the Franchise and your equipment and furnishings in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our request, you will make necessary repairs in order to maintain uniform appearance and to protect the reputation of the Service Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion.

If you do not maintain the Franchise as required, after notice to you, we at our option, may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including but not limited to, liability for interruption of your business during the course of making the maintenance and repairs.

H. You will keep your franchise open for business every business day of the year, except holidays we designate, during the hours specified or approved in writing by us. We may change these requirements from time to time as designated in the Operations Manual.

I. At all times you will ensure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms of our master copies maintained at our principal place of business will be controlling.

J. If you fail to complete or repair a job up to the quoted estimate and job description, we may, at our sole discretion and in order to protect our brand and system reputation, complete or repair the job to the quoted estimate and description. You will bear 100% of the expense and cost of any and all remedial action we take to complete or repair the job, which costs and expenses may exceed the quoted estimate.

**5.3 Service Marks, Operations Manual, and Indy Clover System Are Our Exclusive Property.** You agree that the Service Marks, Operations Manual, and Indy Clover System are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Service Marks, Operations Manual, or Indy Clover System. Your license to use the Service Marks is non-exclusive. We, in our sole discretion, may operate under the Service Marks and may grant licenses to others to use the Service Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Service Marks. You will not use the Service Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the franchise.

You will immediately notify us of any infringement of, or challenge to, your use of the Service Marks or any marks identical to or confusingly similar to the Service Marks, including any claims of infringement or unfair competition. While we will make reasonable efforts to protect your rights to use the Service Marks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Service Marks or the Indy Clover System, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Service Marks or if the proceeding is resolved unfavorably to you. Instead, at any time, you will modify or discontinue use of any franchise names or Service Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). Under no circumstances will we be liable to you for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Service Marks will apply with equal force to any modified or substituted names or marks.

You will not contest, directly or indirectly: our ownership, title, right, or interest in the Service Marks, the Operations Manual, or the Indy Clover System; or our exclusive right to register, use, or license others to use the Service Marks, Operations Manual, and Indy Clover System. You will not advertise or use the Service Marks without following our then current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations ™ or SM, where applicable.

Any and all goodwill associated with the Service Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Service Marks.

You will not use the Service Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the Indy Clover System.

We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Service Marks.

We and you will use reasonable best efforts to continuously improve the products, processes and services used in the Indy Clover System and to develop new products, processes and services for use as part of the Indy Clover System. All the improvements, inventions and developments you make, develop or create for use in the Indy Clover System will be our property and we alone will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.4 **You Will Not Use Names or Marks in Combination.** Except as provided in this Agreement, you will not use or give others permission to use the Service Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Service Marks. You may not combine or associate any name or symbol of the Service Marks with any other name or word in any marketing or sign. The Service Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 **Service Marks, Operations Manual, and Indy Clover System May Be Changed.** You acknowledge that the Service Marks, Operations Manual, and Indy Clover System, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Service Marks, Operations Manual, and Indy Clover System.

We may change or modify any part of the Service Marks, Operations Manual, or Indy Clover System from time to time at our sole discretion. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Service Marks, Operations Manual, and Indy Clover System at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

Complete and detailed uniformity of the Service Marks, Operations Manual, and Indy Clover System under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore, we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local customers, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. From time to time, we may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the Indy Clover System. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

5.6 **Standard Uniform.** You will require that all of your employees wear any standard uniform as may be described in the Operations Manual. All uniforms will be properly laundered regularly and replaced when worn. We may change the standard uniform from time to time. You agree to adopt new uniforms and replace worn uniforms when necessary and bear the purchase price of them.

5.7 **Employees.** You will ensure that your employees present a neat and clean appearance and render friendly, efficient, sober and courteous service to your patrons in accordance with the grooming and training requirements of the Operations Manual, which may include background checks and drug testing standards. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will in no way obligate us for expenses incurred in the operation of your franchise including labor costs. You are required to hire and maintain sufficient staff in order to handle customer volume at all times.

You are responsible for making sure your employees meet the standards, specifications and procedures outlined in the Operations Manual. You will hire only efficient, competent, sober and courteous employees for the conduct of the franchise business. You may not hire any employees who have been found guilty of any charges of fiduciary misconduct, any form of unlawful sexual conduct, any felony of any kind, or any similar charges that reflect negatively on the person's moral turpitude and character. All revenues generated under this Agreement from all business activities of the Franchise must be paid directly to you. *Your Employees and Associates are not permitted to receive or request payment directly from your customers or clients to them in their personal names or capacities.*

**5.8 You Will Not Communicate Confidential Information.** You specifically acknowledge that you will receive valuable specialized and confidential information, including information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, customer lists, manuals, marketing and sales techniques and strategies, and the Indy Clover System. Unless required by court order or applicable law, you agree not to copy, download to internet, intranet, modem, fax, e-mail, mail or send any confidential material or divulge any material directly or indirectly to any other person or enterprise outside of the Indy Clover system. During the term of this Agreement and after it expires or is terminated, you will never communicate, fax, e-mail, post on an internet electronic bulletin board, divulge or use in any other manner, either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations any confidential or proprietary information, knowledge or know-how concerning the Indy Clover System or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your franchised business.

The Indy Clover System includes valuable proprietary and confidential information. Unless required by court order or applicable law, you agree to not communicate or divulge the contents of our Operations Manuals or any other information related to the Indy Clover System or to the operation of the Franchise or our franchise system to any person or entity except those we authorize in writing to receive the information. The confidential information will be deemed to include customer lists and potential customer lists. You agree that these contents and information are confidential. They include information that is our exclusive property, and you may only use them in the Franchise subject to the provisions and duration of this Agreement. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information. You agree to disclose information to your employees only to the extent necessary to perform the franchise business. You will not reverse engineer, decompile or disassemble any items embodying the Indy Clover System or our confidential information.

The Indy Clover System includes a program of accounting, identification procedures, management systems, techniques and business operations and systems that would, if used by other persons, firms or entities, give a substantial competitive advantage which we presently enjoy. Any and all information, knowledge and know how, not generally known about the Indy Clover System and our products, services, standards, specifications, systems, procedures and techniques, including information, manuals, contracts, customer data, supplier data, financial data, price lists, methods, techniques, processes, compilations, formulas, programs or patterns related to the operation of a Indy Clover franchise and its products and services and any other information or material that we may designate as confidential, will be deemed confidential for purposes of this Agreement. This will not apply to information which you can demonstrate came to your attention prior to disclosure by us, or which is or has become a part of the public domain through publication or communication by others. Our confidential information is licensed, not sold, to you. You will not reverse engineer, decompile or disassemble any item that embodies confidential information. The Operations Manual may contain guidelines to protect confidential information [and trade secrets], including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information, including severance interviews with terminated employees in which they acknowledge in writing their post-employment confidentiality obligations.

You will require as a condition of the employment of your employees and anyone else providing services to you that they maintain and protect our confidential and proprietary information, including the signing of a confidentiality agreement. You must follow our security procedures, which may include the execution of approved nondisclosure agreements, and Intranet and Internet usage agreements. You will be responsible to use your best efforts to enforce these covenants and agreements by your employees. These covenants are for the benefit of us and the Indy Clover franchise system and are enforceable by us. If you become aware of any actual or threatened violations of these covenants by any of your employees and anyone else providing services to you, you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

You will use your best efforts to assure that you and all your agents, employees, consultants, partners, owners, members, officers, directors, and shareholders and other persons in your control, to whom any information is communicated, will keep, preserve, and protect all confidential information.

This section contains prohibitions based upon an understanding that you, your key employees, your officers, your partners, your employees, members and stockholders (as applicable) will possess knowledge of business and operating methods and confidential information, disclosure of which would prejudice our interests and our other franchisees.

If you engage in any retain clothing consignment business or operations within 2 years of the expiration, termination or transfer of this Agreement, you will prove to us that you have not used our confidential information in that business. This 2-year period is not intended to limit the duration of your obligation to preserve the confidentiality of the information and to not use the information after expiration, termination or transfer of this Agreement.

**5.9 Conflicting or Competing Interests.** You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your franchise. You will not engage in any activity or business enterprise that conflicts with these obligations. We recommend that you, or your majority owner if you are a corporation, limited liability company or partnership, participate fully in the actual day to day operation of the franchise business.

At all times the Franchise must be under your direct supervision. You will devote a substantial enough amount of time and energy to properly operate the Franchise. What constitutes proper operation will be in our sole reasonable discretion. In your absence, the Franchise must be under the direct supervision of a manager who has successfully completed the required training programs and who devotes the necessary time during business hours to the management of the Franchise.

In express consideration for and during the term of this Agreement, neither you nor your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Operations Manual or Indy Clover System), will directly or indirectly participate as an owner, shareholder, member, partner, director, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business (including business in formation) engaged or to be engaged in the sale or rental at wholesale or retail or on the Internet of retain clothing consignment services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Indy Clover System. We may waive this covenant only in writing. During all of these periods, you agree to promptly and fully disclose to our Chief Executive Officer any business opportunity coming to your attention, or conceived or developed in whole or in part by you, which relates to our business.

You will use your best efforts to assure that you and your owners, directors, officers, partners, shareholders, members, employees, consultants, and agents, during the term of this Agreement and for a period of 2 years after expiration or termination of this Agreement do not:

- A. divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment;
- B. employ or seek to employ any person we employ or any other person who is at that time operating or employed by or at any of our franchises or otherwise directly or indirectly induce these persons to leave their employment; nor
- C. do or perform, directly or indirectly, any other act injurious or prejudicial to our goodwill associated with the Service Marks and Indy Clover System

If, for any reason, any provision set forth in this Subsection is determined to exceed any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.



The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded. Provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than **5%** of the outstanding securities of the corporation.

You will use your best efforts to obtain written covenants from your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, and agents in a form satisfactory to us that these persons will comply with the provisions of this Section.

You and we stipulate that, in light of all of the facts and circumstances of the relationship between you and us, the covenants, restrictions and agreements referred to in this Section (including without limitation their scope, duration and geographic extent) are fair and reasonably necessary for the protection of our confidential information, goodwill and other protectable interests. If a court of competent jurisdiction should decline to enforce any of those covenants and agreements, you and we request the court to reform these provisions to restrict your use of confidential information, non-solicitation, ability to compete with us, and any other covered topics to the maximum extent, in time, scope of activities, and geography, the court finds enforceable under applicable law.

**5.10 Computer Systems.** You may be required to install and use accounting and inventory control computer systems approved by us. You will purchase, lease, or otherwise acquire, from sources of your choice and at your expense, computer hardware and software (including but not limited to programs, computer terminals, Internet and other network access providers, web site vendors and video conferencing) that are totally compatible with and strictly conform to all requirements, standards, and specifications we may set from time to time, including coordination with consolidated systems used at co-branded locations. You must have these systems in operation prior to opening for business. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services to you.

Use of the operations software, as required by the Operations Manual, may also incur a monthly hosting and software support fee, which you agree to pay monthly, on or before the 15<sup>th</sup> day of each calendar month. This fee offsets the cost to us of maintaining the software in working order and performing maintenance and updates as appropriate.

You are required to use the Indy Clover App or software as may be designated in the Indy Clover Operations Manual for customer transactions, which will incur an App Fee equal to 1.25% of each gross credit card transaction, which becomes due to Franchisor at the time the deposit is made to your bank account. The rate of these transaction and credit card processing fees may change upon thirty-day (30-day) written notice to you.

You may be required to have high speed Internet service to your business where you will be able to access downloads from us of marketing materials, operations manual revisions, training materials and corporate news and through which we may have access to your computer systems and records. You may also have a laptop computer and cell phone.

**E-PROBLEM DISCLAIMER:** Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, the Year 2000 problem and similar date-related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

## **6 RENEWAL, TERMINATION AND STEP-IN RIGHTS**

### **6.1 Renewal of Franchise.**

A. If you are not in breach, you may renew the Franchise for periods of **10** years under the terms of our then-current Franchise Agreement forms. "Then-current," as used in this Agreement and applied to our Franchise Disclosure Document and Area Development Agreement will mean the form then currently provided to prospective franchisees or area developers, or if not then being provided, then the form we select in our sole discretion which previously has been delivered to and executed by a franchisee of ours. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.

You will pay a renewal fee of 25% of the then-current initial franchise fee, as a Renewal Fee, in consideration of the costs of closing, processing paperwork, training, upgrading and the continued use of Indy Clover System during the term of the new agreement of the Franchise. The renewed Franchise Agreement will be evidenced by you signing the Franchise Agreement forms we then are using (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). These forms may vary materially from this Agreement. Royalty Fees, National Marketing Fees, and other fees will be set at the then prevailing rates and terms. Your failure or refusal to execute the Renewal Franchise Agreement forms within **30** days after delivery to you may be regarded as an election by you not to renew. Upon renewal, the Franchise must remain located in the geographical territory designated in this Agreement. The Franchise Territory and its geographic area may be modified to meet our then current franchise market penetration and demographic standards and co-branding requirements.

You will refurbish the Franchise and its vehicles and equipment to conform to the then current Operations Manual and Indy Clover System. You must make all capital expenditures reasonably required to renovate and modernize the Franchise and its vehicles, signs and equipment to reflect the design and decor image of Indy Clover franchises we then are requiring of new or renewing Indy Clover franchises. These expenditures will be in the amount necessary to make the Franchise modern and fresh and to resolve wear and tear.

At renewal, you must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

Before renewal, you or your designated manager will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including travel, meals and lodging. The renewal fee will cover our training fees and costs.

B. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

C. Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent, following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon **30** days written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 Termination by You. You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail to cure or reasonably to begin to cure that breach within **30** days after receipt of written notice specifying the breach. Termination will be effective **10** days after you deliver to us written notice of termination for our failure to cure within the allowed period.

### 6.3 Termination by Us.

A. The following provisions are in addition to all other remedies available to us at law or in equity. We will have the option to cure your breaches at your expense.

If you breach or default in any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.

1. You irrevocably nominate, constitute and appoint the person serving from time to time as our President to be your attorney-in-fact so to act in your name and on your behalf.
2. At our election and without waiving any claims for default or breach and without prior notice to you or resort to legal process, we may enter upon any premises using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of discontinuance and the protection of our rights upon expiration or termination of this Agreement.

If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may order all product deliveries withheld from you until the payments are received.

You agree that it will be a default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination of this Agreement and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within **30** days after receipt of our written "Notice to Cure." Termination will occur immediately upon delivery to you of our written declaration of termination for failure to cure within the allowed time frame.

You further acknowledge and agree that we may limit or completely shut down your access to our software, services, systems, and related services and technologies if you fail to make timely payment of service, licensing, or other fees or otherwise breach this Agreement.

B. You agree that it will be a default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for us to **immediately** terminate this Agreement and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers, or key employees):

1. Become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the franchised business or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:
  - a. timely undertake to reaffirm the obligations under this Agreement;
  - b. timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and
  - c. timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code; provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchised business, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

2. Fail to operate the Franchise continuously and actively for **5** consecutive days or for any shorter period after which it is reasonable under the facts and circumstances to conclude that you do not intend to continue the Franchise or maintain a suitable Franchise location.
3. Fail to comply with any requirement of this Agreement or of any related agreement between the parties within twelve months after having received the most recent of two or more **30**-day or **5**-day Notices to Cure deficiencies in performance of the same or any other requirement pursuant to Subsection (A) above or this Subsection (B), whether or not you had corrected your earlier failures to comply after we delivered notice to you.
4. On more than two occasions fail to report monthly Revenue on time, understate monthly Revenue by more than **2%**, or distort other material information.
5. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement.
6. Allow the Franchise or Franchise Premises to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for **30** days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within **5** days of the levy.
7. Are convicted of a felony, or are convicted of any criminal misconduct relevant to the operation of the Franchise.
8. Within a period of **10** days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.
9. Fail to pay any Franchise, Royalty, or National Marketing Fees or other amounts owed pursuant to this Agreement within **5** days after receipt of written notice that the fees or amounts are overdue.
10. Operate the Franchise in a manner that creates an imminent danger to public health or safety or that is likely, in our discretion, to have an adverse impact on the Indy Clover franchise system.
11. Do not keep confidential information related to the Franchise confidential except to employees or persons authorized to know.
12. Fail to obtain agreements from your employees to keep confidential information confidential.
13. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.4 **Time Frames Subject to Applicable Laws.** The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law.

6.5 **You Will Discontinue Use of Service Marks, Operations Manual, and Indy Clover System on Termination of Agreement.** Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

A. Immediately cease using the Service Marks (or any names or marks deceptively similar to them), the Operations Manual and the Indy Clover System.

B. Return to us all copies of the Operations Manual and customer lists. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the Indy Clover System. You will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

C. Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee. Notify them of the termination of your right to use the Franchise names and Service Marks. You authorize the transfer of your telephone numbers and directory listings and Internet addresses, domain names and locators to us or our designated franchisees. You appoint us as your agent and attorney-in-fact to effect the transfer of these telephone numbers and directory listings and domain names and Internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

D. Make reasonable modifications to the interior and exterior of any retained premises and vehicles to reduce your identification as a part of our franchise system. These modifications will include but will not be limited to removal of reasonable alterations to eliminate any possibility of confusion with any other Indy Clover operation.

E. Pay to us within **seven** days all Royalty Fees, National Marketing Fees, and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorneys fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorney fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

F. Abide by all provisions of the restriction upon communication of confidential information set forth above and the post-termination Covenant Not to Compete set forth below. You will immediately return to us all of our confidential information you have received, including any items that embody the confidential information. You acknowledge that you have no continuing ownership interest in the confidential information.

G. At our option, do some or all of the following:

H. Remove all Franchise-related equipment, furnishings, and inventory from the Franchise Premises;

I. Sell the equipment, furnishings, and inventory to us, at the following purchase prices:

a. For new and unused items, your cost as originally invoiced to you less a restocking charge equal to 15 percent of your cost.

b. For used items, products, equipment, supplies, materials and inventory, the current fair market value less 20 percent of the value.

c. For leasehold improvements, machinery, equipment, fixtures, furnishings and signage - the lesser of:

i. the current fair market value less 20 percent of the value,

ii. your cost as originally invoiced to you less 20 percent of your cost.

- d. Damaged, obsolete or discontinued items will be transferred to us at no cost.
  - e. We will not be liable for payment to you for intangibles, including, without limitation, goodwill.
  - f. In each the instance we may deduct from any monies payable to you all sums due by you to us or your suppliers, whether under this Agreement or any other agreement or instrument.
- J. If the Franchise Premises is at an office site or commercial location, assign to us the lease for the Franchise Premises and ownership and control of any web site you own or control;
- K. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within **5** business days after termination of this Agreement. If not, a fair value and fair terms will be determined in Utah County, Utah by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers.
- L. Upon termination for any reason, you will return to us all proprietary and confidential materials, including client lists, keys, codes, signage, marketing and marketing materials, uniforms, service agreements and other forms, printed files, clients lists and account information, security codes, cards and passes, picture identification badges and the like as described in the Operations Manual. If you fail to return or cease use of any of these items, we may enter your business premises without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect such items or in attempting to have you cease use of them. Your failure to immediately return all keys and security codes or passes to us may result in us changing locks, keys and codes at client premises at your expense.
- M. You agree to continue to provide warranty coverage as necessary to your past customers or compensate Indy Clover for such warranty coverage if necessary. Warranty coverage will not automatically transfer to Indy Clover upon termination.
- N. **Liquidated Damages:** Subject to applicable law, upon the expiration, termination or transfer of this Agreement, it is understood and agreed that we will suffer damages if you do not immediately comply with the requirements of this Agreement. In addition to any other remedy provided for or available to us at law or equity, we will have the right to claim and recover damages from you for your failure to comply. You agree that for each day subsequent to the expiration, termination or transfer of this Agreement that you operate the Franchise without having complied with the requirements this Agreement, you will pay to us the non-refundable sum of **\$200 per day** as and for liquidated damages as a Non-Compliance Fee in respect of your failure. You agree that this sum represents a genuine attempt by the parties to pre-estimate the magnitude of the damages caused by your failure.

6.6 **We May Assign Territory Upon Termination.** Upon expiration or termination of this Agreement, we may immediately license or franchise the Franchise Territory to another person or may operate Indy Clover businesses within the Franchise Territory.

6.7 **Our Step-In Rights.** The parties want to prevent any operation or interruption of the Franchise that would cause harm to the Franchise and to our franchise system and lessen their value. Therefore, you authorize us to step in to operate the Franchise for as long as we believe necessary and practical in our exclusive judgment. We may do so without waiving any other rights or remedies that we may have. Cause for stepping-in may include our reasonable determination that: you are incapable of

operating the Franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any real property, equipment rent or lease payments, suppliers, or inventory payments; you have failed to pay to us when due any franchise, licensing, marketing, or other fee; you have failed to pay when due any taxes or assessments against the Franchise or property used in the Franchise; you have failed to pay when due any liens or encumbrances placed upon or against your business property; your business activities are having a negative impact upon the value of our franchise system or we decide that significant operational problems require us to operate the Franchise for a time. We may exercise our step-in rights if you are ill or disabled, you, your lender, or the SBA requests our assistance or agrees to our proffered support and supervision, directly or indirectly or through contract agents. If you have a loan for the franchise that is guaranteed by the Small Business Administration, our right to step-in will be limited to a 60 day period unless otherwise requested or agreed with the lending bank at that time. Thirty days after exercising our step-in rights, we will re-evaluate your then-current status. At our discretion, we will either operate for an additional 30-day period or turn the operation back over to you. In turning the operation back over to you, we do not waive our rights to step back in the future.

All Revenue from our operation of the Franchise will be for your exclusive account. We will pay from that Revenue all expenses, debts and liabilities we incur during our operation of the Franchise. This will include our personnel and administrative costs, plus 15% to cover our overhead expenses plus a management fee equal to 10% of monthly gross revenues. In addition, we will have the option, but not the obligation, to pay for you any claims owed by you to any creditor or employee of the Franchise. You will reimburse us upon demand, including at the rate set forth above for overdue amounts.

We will keep in a separate account all Revenue generated by the operation of the Franchise, less the expenses of operation.

We will have no obligation to retain any employee of the Franchise, nor to honor any contractual employment commitments you previously made. If we elect to retain any employee, employment will be pursuant to a new employment agreement between us and the employee. Employment will commence on the first business day on which we carry on business through the Franchise. Any claim by an employee for unpaid salary, vacation pay, or other benefits will be your responsibility.

Upon our exercise of these Step-In Rights, you agree to hold us harmless for all acts, omissions, damages, or liabilities arising during our operation of the franchise.

Our operation of the Franchise will not operate as an assignment to us of any lease or sublease of franchise property. We will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of our operation of the Franchise.

You agree to pay our reasonable legal and accounting fees and costs we incur because of our exercise of these Step-In Rights.

**6.8 You and Your Owners Not to Compete on Expiration, Termination or Transfer of Agreement.** This covenant will apply for 730 days after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households (who have actual knowledge of or access to the Operations Manual or Indy Clover System), will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business engaged directly or indirectly in activities comprising retail clothing consignment or resale services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Indy Clover System. This covenant applies within the Franchise Territory, within a 100-mile radius of the Franchise Territory, within a 100-mile radius of any location where we operate or have granted the franchise to operate a Indy Clover business, and within the United States of America.

You acknowledge and confirm that the time, content and geographical restrictions contained in this Section are fair and reasonable. They are not the result of overreaching, duress, or coercion of any kind by us. You further acknowledge and confirm that your observance of the covenants contained in this Agreement will

not cause you any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Agreement will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you, or otherwise to obtain income required for the comfortable support of your family and the satisfaction of your creditors. Your knowledge of the Indy Clover System would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

If, for any reason, any provision set forth in this Subsection exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

## 7 TRANSFER

### 7.1 Sale or Assignment.

A. Your rights and obligations under this Agreement are exclusive to you. Whether voluntarily or involuntarily, neither you, your owners, partners nor others claiming an interest in the Franchise will sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "transfer") the whole or any part of: this Agreement, the Franchise Premises (if at an office site or commercial location), substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement. Any attempted transfer without our prior written consent will be a breach of this Agreement. Our consent will not be unreasonably withheld. We need not consent to any transfer before the date the Franchise opens for business.

Because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee, we need not consent to any transfer if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. Our consent to a transfer by you will remain a subjective determination and will include, but not be limited to the following conditions. Before the effective date of a transfer we approve:

1. The transferee must assume your Franchise obligations. You will remain bound by your covenants in this Agreement to not disclose confidential information and to not compete with us or our franchisees.
2. You will pay all ascertained or liquidated debts concerning the Franchise.
3. You may not be in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.
4. The transferee will complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise. The cost of this training and our related evaluations are included in the Transfer Fee described below.
5. You or the transferee will pay a Transfer Fee according to our then current Transfer Fee Schedule. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. The Transfer Fee will be equal to the greater of **\$20,000** or **five** percent of the proposed purchase price for the Franchise, plus applicable taxes, not to exceed fifty per cent (50%) of the then-current franchise fee. The



Transfer Fee will be paid by delivering: i) a non-refundable deposit of \$1,000 with the written request for our approval of the proposed purchaser, and ii) the balance on the closing date of the transfer.

6. You will pay us an additional **10%** commission on the gross transfer price (excluding the price of real property), if we obtain the transferee for you.
7. You will execute ancillary documents relating to your transfer, as designated by us at the time of your proposed transfer, in our sole discretion.
8. The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or provincial/state registration and disclosure laws, and a receipt for this document will be delivered to us; provided however, we will not be liable for any representations you make apart from those contained in our disclosure document.
9. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.
10. If permitted by applicable law, you and your owners, members, partners, officers, and directors will execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release any claims you may have against us and our representatives, subsidiaries and affiliates and our officers, directors, attorneys, shareholders and employees in their corporate and individual capacities. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sell and performance of this Agreement or any other agreement between the parties.
11. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full despite the due date for payment established by this Agreement.
12. If you have lease or sublease for the Franchise Premise and such document requires, the lessor or sublessor must have consented to the assignment or sublease of the Franchise Premises to the transferee. All equipment must be inspected and certified by a qualified professional inspector to be in good working order and free of operational defects. It will be your responsibility to bring all equipment to proper working order before the transfer takes place.
13. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.
14. The transferee will refurbish the Franchise, and its equipment and signage to conform to the current Operations Manual and Indy Clover System within 90 days of transfer.
15. Upon our granting of approval for the transfer, you will:
  - a. ensure that the transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation;
  - b. deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials

bearing the Trademarks and our marketing, promotional and training materials, order books and bookkeeping and reporting forms.

- B. With our prior written consent, you may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable in all respects under this Agreement. (You and all other owners will personally and unconditionally guarantee the obligations of the new entity and you will remain personally subject to and bound by all terms, conditions, restrictions and prohibitions contained in this Agreement. You as an owner of the entity agree to separately and personally, for you and for your successors, heirs and personal representatives, will act as surety for the full and faithful performance of all of the obligations, commitments and payments required of the entity. In that capacity, you agree that we do not have to pursue any remedies we may have against the entity, but rather, may proceed directly and primarily against you with or without joining the entity as principal or as a named party in any proceeding.)

You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership. From time to time, at our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you.

C. We may transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, the Service Marks, or the Indy Clover System outright to a third party, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Service Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

We will not be required to remain in any particular form of business or to offer to you products, whether or not bearing our Service Marks.

D. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Service Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least **60** days written notice before the effective date of any offering or other transaction covered by this subsection.

E. You may not grant a sub-franchise or transfer less than all of your rights under this Agreement.

F. Our consent to a proposed transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement. Our consent to a transfer will not constitute or be interpreted as consent for any future or other transfer.

G. You will comply with and help us to comply with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

## 7.2 Your Death or Disability.

A. Besides the Step-In Rights described above, the following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning **50%** or more of you if you are a limited liability company or corporation or other entity. Within **180** days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

1. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Subsection (A) of the section entitled "Sale or Assignment," above (except that no transfer fee will be required). Or,
2. Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection. For purposes of this Subsection, on an application for the right to continue to operate, our silence through the **180** days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.
3. If a suitable transferee purchaser is not found within **180** days from the date of death or permanent incapacity, we may at our sole option enter into a contract to purchase the Franchise. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within twenty business days after notice from us. If not, a fair value and fair terms will be determined in Utah County, Utah by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers may include in their decision a factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers. Terms of payment will be **10%** of the purchase price payable upon contract signing, the balance payable in **60** equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment.

B. If the provisions of this Subsection have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.3 **First Right of Purchase.** You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will elect to exercise our option to purchase within **60** business days after our receipt of your written notification and due diligence information. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to the subsection entitled "First Right of Refusal". You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled "Sale or Assignment" and "First Right of Refusal." If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction.

We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can pay the purchase price in cash up front or by industry-standard monthly payments that amortize the principal amount with interest calculated at prime plus 1% as of the date of purchase. The choice of payment type is in our sole discretion.

7.4 **First Right of Refusal.** If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within **6** days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right to purchase within **30** days after receipt of notice from you and due diligence information. If the interest which is the subject of the offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this section.

If we do not exercise our right to purchase within the **30** days, you may make the proposed transfer to a third party. The transfer will not be at a lower price or on more favorable terms than disclosed to us. Any transfer will be subject to our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within **6** months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

## 8 **INDEMNITY AND INSURANCE**

8.1 **Indemnity.** You will indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, actions, losses, attorney fees and damages arising out of or connected with the Franchise and the business activities, acts or omissions of you and your employees and agents, including those brought against you and us jointly alleging that you and we were negligent or otherwise liable. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. If it is established that both you and we were negligent or otherwise liable, you and we will contribute to the relevant award, and the obligation to indemnify and hold harmless shall be determined, based upon the adjudicated and assigned respective degree of fault. In the event of a settlement prior to adjudication, you and we will agree to degrees of fault. You and we will contribute to the relevant settlement, and the obligation to indemnify and hold harmless shall be determined, based upon the agreed degree of fault. All provisions of this Section will be subject to these contribution and allocation of indemnification provisions.

You will indemnify us for any loss, cost or expense, including attorneys' fees that may be sustained by us because of the acts or omissions of your vendors or suppliers.

This indemnification will include use, condition, equipping, maintenance or operation of the Franchise, including the sale of any products, service or merchandise sold through the Franchise. Any loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchise, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against us at your expense, including attorney fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

All references in this Agreement that provide that you will indemnify or defend us or that you will name us under any insurance policy will also mean that our affiliates, directors, officers, and employees will be also and equally indemnified, defended or named.

8.2 **Insurance.** Upon commencement of franchise operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate fire and extended coverage, vandalism, malicious mischief, general liability and products liability insurance. This insurance will be in an amount sufficient to replace your personal property upon loss or damage. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Operations Manual. The insurance will include, at a minimum, the following:

A. Comprehensive general liability insurance, including completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, garage keeper's insurance, and personal injury coverage with a combined single limit of at least **\$1,000,000** per occurrence and **\$2,000,000** aggregate, including umbrella coverage.

B. Workers' compensation and any related and required insurance for an employer in the jurisdiction in which your franchise is located, and such other insurance required by statute or rule of the state in which the franchise is located and operated.

You insurance carriers must be A-9 or similarly rated. We may periodically increase the amounts of insurance coverage required under these insurance policies or require different or additional insurance coverage to reflect inflation, identification or new risks, changes in laws or standards of liability, or other relevant changes in circumstances.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your general liability and workers' compensation policies must be primary and non-contributory and must contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees, and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each policy will be treated as though a separate insurance policy. Your policies of insurance, will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon **20** days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, the Business or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Indy Clover system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

## 9 **NOTICE AND MISCELLANEOUS**

9.1 **Notices.** All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the most expedited basis available. Notices will be delivered to you at the Franchise Premises, to us at our headquarters or to other locations specified in writing.

Notices may be delivered and receipted to you personally at any location.

Notices sent by certified or registered mail will be deemed to have been delivered and received **3** business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the most expedited basis available.

9.2 **Business Name.** You will execute any documents we may from time to time direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Service Marks and the name "Indy Clover."

9.3 **We and You Are Not Joint Venturers, Partners, or Agents.** You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Franchise Premises (if at an office site or commercial location) and on any vehicles that you use, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

You will maintain employee records to show clearly that you and your employees are not our employees. All employees and independent subcontractors you employ must meet our character, quality and performance standards. All state and federal, workers compensation and insurance requirements must be met for all employees and subcontractors, including requirements we express in the Operations Manual.

The liability of you and your owners, shareholders, members or partners will be both joint and several. A breach of this Agreement by you or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by you.

9.4 **Waiver.** A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have, and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of **10** days prior written notice of revocation. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

By written notice, we unilaterally may waive any obligation of you, your owners, or the Guarantors.

Our consent, whenever required, may be arbitrarily withheld if you are in breach of this Agreement.

9.5 **Time Is of the Essence.** Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

9.6 **Documents.** You and your partners, shareholders, members, officers, and owners agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President as your attorney-in-fact to so execute that document in your name and on your behalf.

Any material violation or breach of any of these documents or of any other Franchise or related agreement between the parties will be a material violation of this Agreement and of all the other documents and agreements. The non-breaching party may enforce or terminate this Agreement and any or all of the other documents and agreements as provided for enforcement or termination of this Agreement.

If you are a partnership, all general partners will sign the documents. If you are a corporation or limited liability company or other entity, all shareholders or members and all officers will personally guarantee your faithful performance.

You will assure that each of your owners, shareholders, general partners, members, directors, officers, managers, employees, consultants, distributors and agents will not compete with us; will not attempt to divert customers to competing businesses; will not induce the employees of us or of our franchisees to leave their employment; and will keep, preserve, and protect confidential information as required by this Agreement.

9.7 **Construction.**

A. **Entire Agreement.** This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. It supersedes all prior or contemporaneous agreements or understandings, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied

understandings between the parties with respect to the subject matter of this Agreement. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our president or a vice president at our home office by an instrument in writing.

No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of that provision.

Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document.

B. Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

C. Captions and Headings. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement. If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

1. The content and expressed intent and exhibits of our Franchise Disclosure Document(s) previously delivered to you.
2. The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

D. Severability. If, any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future. Provided, however, that if we determine that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

E. Implied Covenants. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. If applicable law implies such a covenant, the parties acknowledge and agree that:

1. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests;
2. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other Indy Clover businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee;



3. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is not exercised in bad faith toward you; and
4. In the absence of bad faith, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

F. Joint and Several. If, at any time during the term of this Agreement, you consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to you in this Agreement may only be exercised and enjoyed jointly; and your obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity.

9.8 **Enforcement**. From time to time there may be controversy about this Agreement, its interpretation, or performance or breach by the parties.

A. Mediation and Arbitration. If a dispute arises between the parties, prior to taking any other legal action, the parties agree to participate in at least **8** hours of mediation in accordance with the Mediation Procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. The Parties agree to equally share the costs of mediation.

From time to time there may be controversy, dispute, question or claim arising out of, in connection with or relating to this Agreement and its execution, delivery, existence, interpretation, construction, legality, validity, binding effect, enforceability, discharge, performance, non-performance or breach by the parties. This may include a claim that this Agreement, or any portion of it, is indefinite, invalid, illegal, or otherwise void, voidable or unenforceable. The controversy (unless related to trademark infringement or collection of delinquent payments) will be resolved by confidential arbitration before an arbitrator selected by and mutually agreed upon by the parties under the process and rules of the American Arbitration Association or its successor with the arbitration proceedings to be held in Salt Lake City, Utah. Regardless of the Commercial Dispute process and the rules of the American Arbitration Association or its successor, there will be no arbitration on a class or consolidated basis. The arbitrator will have power and jurisdiction to decide the controversy or dispute solely according to the express provisions of this Agreement. The arbitrator may not alter, amend, delete, or add to the provisions of this Agreement by implication or otherwise. In any arbitration the parties will be entitled to injunctive relief or specific performance of the obligations of the other. The arbitrator will determine the prevailing party for purposes of this Section and may make a percentage award of reimbursable fees and expenses. The decision of the arbitrator made within its power or jurisdiction will be final and binding. The decision may be entered as a judgment in any court of law having jurisdiction.

The provisions of this Section will be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law. Notwithstanding any provision of this Agreement relating to the laws under which this Agreement will be governed by and construed under, all issues relating to its appropriateness for arbitration or the enforcement of the agreement to arbitrate contained in this Agreement will be governed by the Federal Arbitration Act (9 U.S.C. §\_1 et seq.) and the federal common law of arbitration. The provisions of this Section will not limit our right to seek and obtain any provisional or final remedy, including, but without limitation, injunctive relief, an order for payment of any monies due and owing by you, an order for recovery or delivery up of possession, or for specific performance, or similar relief, from any court of competent jurisdiction, as may be necessary in our sole judgment to protect the Service Marks and the Indy Clover System and our confidential information and property rights, to enforce the restrictive covenants of this Agreement, to enforce our contractual rights, and to protect against actual or threatened conduct that on balance would cause or be likely to cause loss or damage if allowed to continue pending completion of an arbitration proceeding.

This arbitration provision is self-executing, and in the event that any party fails without good cause (i) to appear at any properly noticed arbitration proceeding or (ii) to make payment in full of its share of the required arbitration fees and costs within 10 days after notice and demand, absent a previously issued court order to the contrary, then a final award may be entered against such party notwithstanding the failure to appear or to make the required payment.

B. Injunctive Relief and Specific Performance. Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

C. Governing Law and Venue. You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. Except as may be required under applicable law, this Agreement is accepted by us in the State of Utah and will be governed by the substantive laws of Utah without regard to Utah choice of law provisions. Provided, however, that any law of the State of Utah that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Utah laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of any Utah franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. No franchise or business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Utah or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Utah, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement will be mediated, arbitrated, tried, heard, and decided in the courts of Utah or as near as reasonably can be attained thereto,

which you agree is the most convenient venue for these purposes and to which you irrevocably consent to jurisdiction over the subject matter and over you. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of, all of the members of the Indy Clover franchise system.

D. Remedies. You recognize the unique value and secondary meaning attached to the Indy Clover System, the Service Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Indy Clover System or the Service Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorney fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the confidentiality requirements and covenants not to compete described in this Agreement. You acknowledge that any violation of the confidentiality requirements and covenants not to compete would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state. You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any of covenants, confidentiality requirements or covenants not to compete set forth in this Agreement that apply to you or to any other of our franchisees. We may do so without your consent, effective immediately upon your receipt of written notice. You agree that you will comply with any covenant that pertains to you as we so modify it.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of our your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

E. **Attorneys Fees.** The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees and previously incurred mediator fees. These will be set by the arbitration, proceeding or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding.

9.9 **Other Agreements.** If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

Whenever this Agreement requires that you enter into a release, such as for a transfer or renewal, the release will be in substantially the following form:

You (and your owners, members, partners, officers, and directors) agree to the following general release, subject to and following laws applicable in your jurisdiction, to release us from any claims you may have against us:

In consideration of the mutual covenants and understandings set forth in this release agreement, you release and discharge us and our current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the franchise and the franchise premises ("your Prior Franchise Agreement").

You release and forever discharge us and our current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement.

You represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against us, known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer [renewal] agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement prior to the date of the transfer [renewal] agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims against us, other than these expressly reserved, with the express waiver of any statute, legal doctrine or

other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

You will waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

9.10 **Agreement Binding on Successors and Assigns**. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

9.11 **Execution in Counterparts and Our Acceptance**. This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our home office. If we do not accept it within **60** days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

9.12 **Approval by Shareholders, Members or Partners**. If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners read and approve this Agreement, agree to the restrictions on them (including restrictions on the transfer of their interest in the Franchise and the restrictions and limitations on their ability to compete with us), and jointly and severally guarantee your performance under this Agreement. We may request a copy of the Resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

Your ownership certificates will have conspicuously endorsed upon them a statement that they are subject to, and that further assignment or transfer of them is subject to, the restrictions imposed upon assignments by this Agreement.

If You are an entity with more than one owner, the partnership agreement, shareholders agreement, limited liability operating agreement or other similar agreement for the entity ("Owners Agreement") must contain the following provisions which will supersede any contrary provisions in that agreement:

1. Your owners ("Owners") agree to submit any dispute they cannot resolve relating to the operation and management of the franchise business to arbitration by our president or his designee. If the arbitration submission is accepted by our president, it must be held at our headquarters or at another location the Owners and the arbitrator agree. The decision of the arbitrator will be final and subject to enforcement by the courts of competent jurisdiction. If the submission to arbitration is not accepted by our president, the Owners must resolve their disputes in accordance with the other provisions of this Franchise Agreement.
2. The term "operations and management" includes, but is not limited to, questions relating to:
  - A. Allocations of management responsibilities between the Owners;
  - B. Contributions to capital for purposes of business operations, repairs and remodeling;
  - C. The reasonable salaries of the Owners;
  - D. Marketing efforts;
  - E. The termination of the employment of an Owner;

- F. Procedures for making and implementing management decisions;
  - G. Whether an Owner has performed duties with respect to the operation or management of the franchise business.
3. Unless the Owners and the arbitrator agree in writing otherwise, "operation and management" does not include questions relating to:
- A. Allocations, computations or distributions of profit or loss;
  - B. Accounting issues;
  - C. Elections of officers of the entity;
  - D. Investments of cash not necessary for the operation of the business;
  - E. Determining whether an Owner is disabled or incompetent within the meaning of the Owners Agreement;
  - F. The fair market value of the Owners' interests in the entity;
  - G. Whether an event has occurred, which gives rise to a right to buy the interest of an Owner other than a right resulting from an Owner's default determined to exist under 2, above;
  - H. Whether an Owner has met his obligations to purchase the interest of any current or former Owner;
  - I. Matters relating to the winding up of the entity after a dissolution;
  - J. Matters relating to the legal validity of the Owners Agreement.
4. The Owner's agreement must provide that the Owner or Owners who are to be responsible for operation of the franchise business must own 50% or more of the capital interests in the entity and that the Owners of the entity must have voting rights proportionate to their interests in capital.
5. The Owners agree to notify us in writing of their intent to enter into, modify or amend any Owners Agreement. Notice must be given at least 10 business days before they enter into that agreement, modification or amendment. The purpose of this notice is to enable us to review it for compliance with this section.
6. Inclusion of these provisions in the Owner's Agreement will be a condition to our consent to the transfer of the franchise to an entity.

9.13 **Personal Guarantee.** The undersigned Guarantors are all of your partners, members, shareholders or owners. They jointly, severally, irrevocably, and unconditionally guarantee to us the due and punctual observance and performance by you of all of your obligations under this Agreement and any other agreement to which we and you are parties. Each Guarantor agrees to guarantee us against all liability, loss, harm, damage, costs, and expenses (including attorney fees) that we may incur because of your failure to observe your obligations. The liabilities and obligations of each Guarantor will not be released, discharged, or affected by our release or discharge of or dealing with you under any of these agreements; or by anything we do, suffer, or allow to be done in relation to you; or by change, alteration, or modification of any of the agreements; or by any compromise, arrangement, or plan of reorganization affecting you; or by your bankruptcy or insolvency; or by any other act or proceeding in relation to you or any of the agreements by which any Guarantor might otherwise be released. The liabilities and obligations of each Guarantor pursuant to this Guarantee will be continuing in nature and will terminate only on the satisfaction of your obligations under this Agreement. A fresh cause of action will arise in respect of each breach by you producing a liability of any Guarantor.

The Guarantors agree that it shall not be necessary for us or our assigns to institute suit or exhaust our legal remedies against you in order to enforce this guaranty. Guarantors agree that we may from time to time extend the time for performance or otherwise modify, alter, or change this Agreement, may extend the time for payment of all sums guaranteed, and may receive and accept notes, checks, and other instruments for the payment of money made by you and extensions or renewals without in any way releasing or discharging Guarantors from their obligations. This guaranty shall not be released, extinguished, modified,

or in any way affected by our failure to enforce all the rights or remedies available to it under this Agreement. Our release of one or more Guarantor will not operate as a release of the other Guarantors.

#### 9.14 **Representations and Acknowledgements.**

A. **Receipt of Disclosure Documents.** You acknowledge that you have received our Franchise Disclosure Document at the earlier of (1) the first personal meeting with us (in New York and Rhode Island); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale (10 business days in California, Michigan, New York, Oregon, Rhode Island, Washington and Wisconsin). In addition, you acknowledge either:

1. receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or
2. if we unilaterally or materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the Franchise Disclosure Document, you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than 7 calendar days before you signed this Agreement.

B. **You Have Read and Understand this Agreement.** You acknowledge that you have had ample to read and have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Indy Clover System. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the franchise relationship created by this Agreement. You also acknowledge that you believe you have made a good decision for yourself or your partners or your corporation based upon what you believe is your ability to run and control a business of your own.

C. **Varying Forms of Agreement.** You are aware that some **Indy Clover** franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

D. **Speculative Success.** The success of your franchise is speculative and depends, to a large extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty, express or implied, as to the potential success of the Franchise.

E. **Independent Investigation, No Projections or Representations.** You acknowledge that you have entered this Agreement after conducting an independent investigation of us and of the Franchise. Your success will be dependent upon your ability as an independent businessperson. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which you in particular might realize. Except as outlined in Item 19 of our Franchise Disclosure Document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our Franchise Disclosure Document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

F. **No Review of Business Plans, Loan Applications.** Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third party loan applications related to your purchase of and proposed operation of the franchise. We do not receive or review business plans and loan applications before a franchisee signs the relevant franchise agreement. We have strongly recommended that you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential franchise investment for you. You acknowledge that we will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchise.

G. **Your Location and Market Area.** You have investigated the potential of the market area in which you are to establish and operate your franchise business and the laws and regulations applicable thereto. You agree and represent that that market area is reasonable and the Initial Franchise Fee represents fair consideration for the opportunity to establish and operate a Indy Clover franchise.

H. **Health and Full-Time Participation.** You acknowledge that an Indy Clover business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You or your majority owner if you are a corporation, limited liability company or partnership, must actively participate in the daily affairs of the business. You represent that you or your majority owner are in good health and able to devote your full time and best efforts in the day to day operations of your franchised business or that you have the business management skills necessary to successfully hire a general manager to run the day to day operations of your franchised business.

I. **Terrorism, Convictions, Immigration Status.** Neither you, nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any of your partners or affiliates:

1. supports terrorism,
2. provides money or financial services to terrorists,
3. receives money or financial services from terrorists or institutions that support terrorists
4. is engaged in terrorism, or
5. is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.

Neither you nor any of these persons has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with and travel to the United States to fulfill your obligations under your agreements with us.

J. **We May Investigate.** We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

K. **Supplier Approval.** You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

L. **Operations Manual.** You acknowledge that the Operations Manual is loaned to you by us and at all times the Operations Manual and any updated or amended pages remain our property and that



the copyright in the Operations Manual and all associated materials is vested in us. You agree to return to us the Operations Manual and any updated or amended pages immediately upon written demand.

M. **NO REPRESENTATIONS, PROJECTIONS, OR WARRANTIES**. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR FRANCHISE DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

10 **SIGNATURES**

IN WITNESS, the parties have executed this Agreement on the day and year first above

written. ("we/us"): **Indy Clover Franchising, LLC** (jointly and severally "you"):

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISE AGREEMENT  
SCHEDULE A  
FRANCHISE PREMISES AND  
FRANCHISE TERRITORY**

**FRANCHISE AGREEMENT  
SCHEDULE B**

**MULTI-UNIT ADDENDUM**

The following additional provisions are agreed to by the parties with respect to the attached Franchise Agreement dated \_\_\_\_\_, between **INDY CLOVER FRANCHISING, LLC**, a Utah limited liability company (“we/us”) and \_\_\_\_\_, an individual, \_\_\_\_\_, an individual, and \_\_\_\_\_ a \_\_\_\_\_ company (jointly and severally “you”) of which this Addendum is a part (the “Franchise Agreement.”) In the event of conflict, the provisions of this Addendum supersede the corresponding provisions of the Franchise Agreement.

We and you have agreed to Franchisee’s purchase of   **[#]** franchises in \_\_\_\_\_ [location] (the “Development Area”) according to the Development Schedule established in this Addendum.

We and you will simultaneously sign a separate franchise agreement and multiple purchase addendum for each of franchise. The franchise agreements are for franchises to be placed at locations within the Development Area to be determined at a later date, and each respective franchise location must be in compliance to our contractual commitments with other *Indy Clover*<sup>™</sup> franchisees and our placement, market, development, and demographic criteria.

1. **INITIAL FRANCHISE FEE.** The Initial Franchise Fee established in Section 6 of the Franchise Agreement is: (1) **\$25,000** for the first Franchise Agreement; and (2) **\$20,000** for each additional Franchise Agreement, so long as each Franchise Agreement is signed concurrently with this Addendum.

The entire Initial Franchise Fee must be paid to us for each franchise upon execution of this Addendum.

2. **DESIGNATED TERRITORY.** We grant to you, subject to the terms and conditions of the Franchise Agreement and this Addendum, the non-exclusive right to establish and operate the Franchise within the following territory (the “Designated Territory”): \_\_\_\_\_ [location].

Except as otherwise provided in the Franchise Agreement or this Addendum, we will not establish nor license any one other than you to establish any *Indy Clover*<sup>™</sup> facility in the Designated Territory from the date of this Addendum until expiration or termination of the Development Schedule set forth below. You have no right under this Addendum to sub-license others.

If there is no Designated Territory defined above (the blank is not filled in), the franchise location shall be considered “to-be-determined” and must be placed at an available location within the Development Area. There is no territory protection associated with the Development Area and we may place and authorize others to place *Indy Clover*<sup>™</sup> outlets and facilities in any part of the Development Area that is not included in the Designated Territory. The Franchise Location must be in compliance to our contractual commitments with other *Indy Clover*<sup>™</sup> franchisees and our placement, market, development, and demographic criteria.

3. **DEVELOPMENT SCHEDULE.** Franchise Agreement is modified such that the opening requirements (the “Opening Date”) for each of the above-referenced Franchises are amended to the following schedule:

1 <sup>st</sup> Franchise	8 months
2 <sup>nd</sup> Franchise	16 months
3 <sup>rd</sup> Franchise	24 months

from the date of this Agreement. The Franchise purchased pursuant to this Agreement is the \_\_\_ [#] Franchise and must open no later than the Opening Date, as defined above. If no acceptable Franchise Location or Franchise Territory is found and approved by the parties and the Franchise is not opened for business by the Opening Date, this Agreement will terminate without notice by either party to the other on the expiration date, and no portion of any payment you paid to us will be refundable or returned to Franchisee. Upon termination pursuant to this Section, we will be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and any right, title or interest in this Agreement, the Marks or the System will automatically revert to us.

**4. DEFAULT AND TERMINATION.** The parties have executed a number of franchise agreements contemporaneously with the Franchise Agreement as part of a multiple purchase arrangement. Any material violation or breach (other than failure to open the franchise site by the date set forth in the Development Schedule) of any such agreement, or of any other franchise agreement between the parties or of any other agreement between the parties related to the *Indy Clover*<sup>TM</sup> franchise system will be deemed a material violation of the Franchise Agreement and this Addendum, of all such other franchise agreements, and of all such other agreements. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and this Addendum and any or all of such other franchise agreements and such other agreements as provided in the Franchise Agreement for enforcement or termination.

You acknowledge and agree that if the Franchise represented by this Addendum is not opened by the Opening Date set forth above in the Development Schedule, we shall have the right to terminate the Franchise Agreement and this Addendum and retain any and all initial fees paid to us. We then may establish or license others to establish *Indy Clover*<sup>TM</sup> outlets and franchises in the Designated Territory.

You acknowledge and agree that if you fail to open another franchise by the Opening Date set forth in the Development Schedule, we shall have the right to eliminate and terminate the Designated Territory. We then may establish or license other to establish *Indy Clover*<sup>TM</sup> outlets and franchises in the Designated Territory.

Upon elimination or termination of the Designated Territory, all remaining franchise agreements for franchises that have not yet been opened for business pursuant to the Development Schedule above may thereafter be opened at any available location where we have the right to offer and place franchises. In such instance, the relevant franchise location must be in the United States, legally available pursuant to state and federal franchise disclosure and registration laws and pursuant to our contractual commitments with other *Indy Clover*<sup>TM</sup> franchisees and in compliance with our placement, market, development, and demographic criteria.

No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

**5. TRAINING.** We will have no obligation to provide franchise training to you or your owners or managers at our expense except pursuant to your first franchise agreement. You must pay to us the then-current Training Fee, currently \$5,000 for any additional franchise for which you will have a new manager or other individual that must complete our initial training program. The Training Fee is non-refundable.

DATED this \_\_\_\_\_.

**IN WITNESS WHEREOF**, the parties have duly executed this Addendum in multiple originals, each of which may stand alone as an original, and acknowledge that they signed this in their stated capacities, on the date set forth hereinabove.

[ \_\_\_\_\_ ] (“you”)

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**INDY CLOVER, LLC** (“we/us”)

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Franchise Disclosure Document Exhibit C**

**PHONE NUMBER ACKNOWLEDGMENT AND ASSIGNMENT**

\_\_\_\_\_ ("you") operate your franchise business in \_\_\_\_\_. You acknowledge and agree that **INDY CLOVER FRANCHISING, LLC**, a Utah limited liability company ("we/us") owns and controls the following telephone number(s): \_\_\_\_\_ (the "Franchise Telephone Number(s)"). The Franchise Telephone Number(s) relate to the **INDY CLOVER** franchise agreement between us and you dated \_\_\_\_\_.

In consideration of the granting of a franchise to you and other valuable consideration given by you, you assign to us all right, title, and interest in and to the Franchise Telephone Numbers and any other telephone numbers and listings you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your agreement with the telephone company concerning the telephone numbers and telephone listings with the full force and effect as if we had been originally issued the telephone numbers and telephone listings.

DATED this \_\_\_\_\_.

("we/us"): **INDY CLOVER FRANCHISING, LLC**

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

(jointly and severally "you"):

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

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

**Franchise Disclosure Document Exhibit D  
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER**

**INDY CLOVER FRANCHISING, LLC**

155 S. State Street, Suite C  
Lindon, UT 84042  
(480)635-6950

I (we) hereby authorize INDY CLOVER FRANCHISING, LLC (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty, Advertising Fees, and other fees owed by me (us) to the Company on or near the 5<sup>th</sup> day of each month. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Branch Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

I further certify that I have received a copy of the Authorization for my files.

Individual Name: \_\_\_\_\_

Corporate Name: \_\_\_\_\_

INDY CLOVER Franchise: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**Please attach a voided blank check for verification purposes.**

**[VOIDED CHECK]**

## Franchise Disclosure Document Exhibit E

### MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications and additions are part of the Indy Clover Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA") and Multi-Unit Addendum ("MA") as required by relevant state laws.

**These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the Franchise:**

ARKANSAS (Stat. Section 70-807)  
CALIFORNIA (Bus. & Prof. Code Sections 20000-20043)  
CONNECTICUT (Gen. Stat. Section 42-133e et seq.)  
DELAWARE (Code, tit.)  
HAWAII (Rev. Stat. Section 482-E1)  
ILLINOIS (815 ILCS 705/1-44)  
INDIANA (Stat. Section 23-2-2.7)  
MICHIGAN (Stat. Section 19.854(27))  
MINNESOTA (Stat. Section 80C.14)  
MISSISSIPPI (Code Section 75-24-51)  
MISSOURI (Stat. Section 407.400)  
NEBRASKA (Rev. Stat. Section 8-401)  
NEW JERSEY (Stat. Section 56:10-1)  
SOUTH DAKOTA (Codified Laws Section 37-5A-51)  
VIRGINIA (Code 13.1-557-574, 13.1-564)  
WASHINGTON (Code Section 19.100.180)  
WISCONSIN (Stat. section 135.03)

These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of the Franchise.

#### California

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 DISCLOSURE DOCUMENT.

Our website address is [www.indyclover.com](http://www.indyclover.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfcpa.gov.ca](http://www.dfcpa.gov.ca).

#### FDD COVER PAGE

REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

#### FDD Item 17, FA Sections 5, 6, 7 and 9

(12) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

(13) 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.).



(14) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(4) The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

(5) You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

(6) The Franchise Agreement requires mediation in Utah County, Utah, with the costs shared by the parties equally, and requires binding arbitration in Utah County, Utah with the costs being borne by the party that does not prevail. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(7) The Franchise Agreement requires application of the laws of the State of Utah. This provision may not be enforceable under California law.

(8) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

(9) No person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange.

### FDD Item 3

California 10 CCR Section 310.114.1(c)(3) requires disclosure regarding whether the franchisor, any person or franchise broker in Item 2 of the FDD 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. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

## **Georgia**

### **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **Hawaii**

Paragraph 4110.01, Section 482E-6(3): Upon termination or refusal to renew the franchise the franchisee will be compensated for the fair market value, at the time of the termination or expiration of the franchise, of the franchisee's inventory, supplies, equipment and furnishings purchased from the franchisor or a supplier designated by the franchisor; provided that personalized materials which have no value to the franchisor need not be compensated for. If the franchisor refuses to renew a franchise for the purpose of

converting the franchisee's business to one owned and operated by the franchisor, the franchisor, in addition to their remedies provided in this paragraph, will compensate the franchisee for the loss of goodwill. The franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the franchisee's inventory, supplies, equipment, and furnishings pursuant to this requirement, and may offset from such compensation any moneys due the franchisor.

## **Idaho**

### FDD Item 17, FA Section 9

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

## **Illinois**

### FDD Items 5 and 6; FA Sections 2.1, 2.2, 2.3, and 2.4

The Illinois Franchise Disclosure Act prohibits discrimination among franchisees for payments made for Initial Franchise Fees, Royalty Fees, and the purchase of goods or services from the franchisor.

### FDD Item 17, FA Sections 6.1, 6.3, and 7.1(A)(9)

A franchisee's rights upon termination and non-renewal may be affected by Illinois law. (815 ILCS 705/1-44).

Releases executed by franchisees must comply with the Illinois Franchise Disclosure Act. Any attempt to waive compliance with Illinois law is void. (See Section 41 of the Illinois Franchise Disclosure Act, and Rule 200.609 of the Rules and Regulations).

The governing law and choice of law clauses contained in the Franchise Agreement are subject to the Illinois Franchise Disclosure Act.

Any provision in the Franchise Agreement and any ancillary Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois. (See Section 4 of the Illinois Franchise Disclosure Act, and Rule 200.608 of the Rules and Regulations).

Illinois law governs the agreements between parties to this franchise.

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 in a venue 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.

Franchisor and/or its officers and affiliates have been the subject of franchise registration violations in 3 states, bankruptcy, and are part to pending litigation with the minority shareholder in connection with the acquisition of the majority interest in the company.

## **Indiana**

### FDD Item 17; FA Section 5 and 6

In Indiana, the reference to "members of their households or members of their immediate families" under the provisions of covenants not to compete will mean any person who has access to the information, including a spouse or any other person who lives within the household.

## **Maryland**

### **FDD Item 17 and FA Sections 6, 7 and 9**

According to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, assignment or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Section 14-216(c) (25) of the Maryland Franchise Registration and Disclosure Act requires a franchisor to file an irrevocable consent to be sued in Maryland. Notwithstanding anything to the contrary in the franchise agreement or Disclosure Document, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Act.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within **3** years after the grant of the franchises.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Our franchise agreement contains disclaimers of the occurrence or acknowledgment of the non-occurrence of acts that could constitute a violation of Maryland laws. These disclaimers, acknowledgments and representations 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.

## **Michigan**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees. These provisions are:

- (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 law. This will 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 will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure the 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, , 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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least six months' advance notice of the 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 will be conducted outside this state. This will 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 will 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 breach 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 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 the franchisee's obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation or endorsement by the Attorney General. A franchisor whose most recent financial statements are unaudited and show a net worth of less than \$100,000 will, 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 the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.**

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce Corporation and Securities Bureau  
Office of Franchise and Agent Licensing 6546 Mercantile Way  
P. O. Box 30222  
Lansing, Michigan 48910

## **Minnesota**

Minnesota law prohibits requiring a franchisee to waive his or her rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, that this part will not bar a voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association. (Minn. Rules 2860.4400(J)).

Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given **90** days' notice of termination (with **60** days to cure) and **100** days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

### FDD Item 13; FA Section 5

Minnesota Statutes Section 80C.20, Subdivision 1(g) allows the Minnesota Commissioner of the Department of Commerce to issue a cease and dismiss order or issue an order denying, suspending or revoking any registration, amendment or exception on finding any of the following . . . that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees. Pursuant to this section, the Commissioner requires all franchisors registering in the state of Minnesota to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. We intend to comply with the Minnesota statute and to protect the franchisee's rights and indemnify the franchisee for any losses to the full extent required by relevant state law.

### FDD Item 17, FA Sections 6, 7 and 9

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release. The general release provisions in the Franchise Agreement are void and unenforceable in the state of Minnesota.

### FA Section 9

Pursuant to Minnesota Statutes Section 80.C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80.C, including, but not limited to, the right to submit matters to the jurisdiction of the courts in Minnesota.

## New York

### FRANCHISE DISCLOSURE DOCUMENT COVER PAGE

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IMMEDIATELY BELOW OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

#### FDD Item 3

Neither the franchisor, its predecessor, any person listed in Item 2, nor any affiliate offering franchises under the franchisor's principal trademark:

1. Has any administrative, criminal or material 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. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchises and the size, nature or financial condition of the franchise system or its business operations.
2. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this Disclosure Document, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject 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.
3. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under any 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 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.

#### FDD Item 4

Neither the franchisor, its affiliates, its predecessors, officers, nor general partners, during the ten-year period immediately before the date of the Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or general partner of 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 **one** year after the officer or general partner of the franchisor held this position in the company or partnership.

FDD Item 17

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Choice of Law	Section 9.7	Utah law applies except to the extent governed by the United States Trademark Act and except in those states whose franchise laws require exclusive application. The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisee by the GBL of the State of New York, Article 33.
Assignment of Contract by Us	Section 6.3	There are no restrictions on our right to transfer. However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.
Termination by You	Section 6.2	You may terminate the Franchise Agreement on any grounds available by law.

**North Dakota**

FDD Item 9

Under North Dakota law, no modification or change the franchisor makes to the Operations Manual or Indy Clover System may materially affect the franchisee's status, rights, or obligations under the Franchise Agreement.

FDD Item 17(c), FA Section 6.1

The Commissioner has determined that requiring franchisees to sign a general release upon renewal of the franchise agreement to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment law. The general release provision in Section 6.1 of this Agreement is void and unenforceable in the state of North Dakota.

FA Sections 5 and 6

The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code are unfair, unjust, or inequitable within the intent of the North Dakota Franchise

Investment Law (Section 51-19-09). Thus, covenants not to compete are considered unenforceable in the State of North Dakota.

#### FA Section 6

Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a requirement that franchisees consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered void and unenforceable.

#### FA Section 9.6

Apart from civil liability as set forth in section 51-19-12 N.D.D.C, which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud) the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents, and is unfair to franchise investors to require them to waive their rights under North Dakota Law.

The North Dakota Franchise Investment Law (Section 51-19-09) requires that this Agreement will be governed by the laws of North Dakota, which laws will prevail.

#### FA Section 9.9

Pursuant to the North Dakota Franchise Investment Law (Section 51-19-09), an arbitration or mediation locations which are remote from the site of the franchisee's business are unfair, unjust, or inequitable. Therefore, the site of arbitration or mediation must be agreeable to all parties.

Pursuant to the North Dakota Franchise Investment law (section 51-19-09), requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust, or inequitable. Thus, all issues or disagreements relating to this Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota.

Sections of the Franchise Agreement stipulating that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

### **Rhode Island**

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." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

### **South Dakota**

#### FDD Item 17; FA Section 6

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards and failure to make licensing payments contained in the Disclosure Document and franchise agreement must afford a franchisee **30 days'** written notice with an opportunity to cure the breach prior to termination.



## FA Section 9

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of Utah.

Covenants not to compete upon termination of the franchise agreement are generally unenforceable in the State of South Dakota. Pursuant to SDCL 37-5A-86, any acknowledgement provision, disclaimer, or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

In the event that either party will make demand for arbitration, such arbitration will be conducted in a mutually agreed-upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

Any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

## **Virginia**

### FDD Item 9

In Virginia, notice of approval or disapproval of a proposed supplier will be issued by us within **45** days after the franchisee has delivered all required materials.

## **Washington**

### FDD Item 17; Entire FA, including without limitation Section 6 and 7

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer Fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

**The franchisee acknowledges receipt of this Addendum.**

## **Wisconsin**

### FDD Item 17

The applicable laws of Wisconsin may require notice periods greater than those set forth above for termination, cancellation, non-renewal, or the like, and may limit the reasons or causes for termination, cancellation, non-renewal, or the like. To the extent any provisions of the Franchise Agreement provide for periods of notice or for termination, cancellation, non-renewal, or the like other than in accordance with the applicable law, such provisions will not be effective, to the extent such are not in accordance with applicable law, and the franchisor will comply with the applicable law.

The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1983-84, Title XIV-A, Chapter 135) supersedes any provision of a Franchise Agreement inconsistent with the law.

It is agreed that the applicable foregoing state law addendum for the state of \_\_\_\_\_, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this \_day of \_\_\_\_\_, 20\_.

("we/us"): **Indy Clover Franchising, LLC**

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

Title: \_\_\_\_\_

(jointly and severally "you"):

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

Title: \_\_\_\_\_

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

Title: \_\_\_\_\_

**Franchise Disclosure Document Schedule F**

**The Following Table Reflects Our Agents for Service of Process and the Relevant State Franchise Authorities:**

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES  
AND REGISTERED AGENTS IN STATES**

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
CALIFORNIA	<p>California Commissioner of Financial Protection and Innovation</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505</p> <p>Sacramento: 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205</p> <p>San Diego: 1350 Front Street San Diego, CA 92101-3697 (619) 525-4233</p> <p>San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104</p>	<p>Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505</p>
CONNECTICUT	<p>The Banking Commissioner Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>	<p>The Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>
FLORIDA	[Not Applicable]	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770</p>

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Fl New York, NY 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard State Capital – 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 (701)328-4712	North Dakota Securities Department 600 East Boulevard State Capital – 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 (701)328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Securities Administrator Washington State Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	Washington State Dept. of Financial Institutions, Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 <sup>th</sup> Street, NW Washington, D.C. 20580 (202) 326-3128

**Franchise Disclosure Document Exhibit G  
LIST OF CURRENT AND FORMER FRANCHISEES**

**Franchisees – Units Opened as of June 30, 2023**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Phone</u></b>
Checked Out, LLC Cassidy Barsdorf	1307 E Baseline RD Gilbert, AZ 85233	602-834-9550
Indy Clover Logan, LLC Becky Johnson	99 W Center St. Logan, UT 84321	385-276-4828
Indy Clover Murray, LLC; Justin Luczak	6332 S State St. Murray, UT 84107	385-262-4589
Alicia Atwater Indy Clover, LLC; Alicia Atwater	1480 N Main St. Springville, UT 84663	385-262-3286
Indy Clover St. George, LLC; Jeselyn Peery	250 Red Cliffs Dr., #28 St. George, UT 84790	435-288-2933

**Affiliate-Owned Units Opened as of June 30, 2023**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Phone</u></b>
Indy Clover L&S, LLC	155 South State Street #C, Lindon, UT 84042	385-460-1060
Indy Clover Ogden, LLC	1208 E 4800 S, Ogden, UT 84403	385-303-9655

**Franchisees – Units Opened that opened after June 30, 2023, as of January 31, 2024**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Phone</u></b>
Meraki, LLC Kristin Polatis	1742 W State St. Boise, ID 83702	986-204-2154
Patten Investment Group, LLC; Jeff Patten	3209 S. Broadway, Ste 131 Edmond, Oklahoma 73013	405-956-2554
ShazachTX, LLC Zach Champlin	1941 Preston Rd Plano, Texas 75093	469-331-0982
PiCO, LLC Tyson Pitcher	521 W. 2600 S., Suite #3 Bountiful, UT 84010	385-489-0156



**Franchisees – Signed But Not Yet Opened as of January 31, 2024**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Phone</u></b>
Meraki, LLC Kristin Polatis	to-be determined Idaho Falls, Idaho	986-204-2154
Meraki, LLC Kristin Polatis	to-be determined Meridian, Idaho	986-204-2154
Patten Investment Group, LLC; Jeff Patten	to-be determined Oklahoma	405-956-2554
ShazachTX, LLC Zach Champlin	to-be determined Texas	469-331-0982
PiCO, LLC Tyson Pitcher	to-be determined Draper, Utah	385-489-0156
Shute Stoddard, LLC Lyle Shute	to-be determined Saratoga Springs, Utah	808-854-4103
PiCO, LLC Tyson Pitcher	to-be determined Sugarhouse, Utah	385-489-0156

**Franchisees that had an Outlet Terminated, Canceled, Not Renewed, or Otherwise Left the System – Between December 31, 2022 and June 30, 2023**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Phone</u></b>
Brody Stevenett (Transfer)	Murray, UT	801-755-1601
Andrew Horton (Transfer)	Springville, UT	801-360-8838

**Franchise Disclosure Document Exhibit H**

*The Franchise Agreement provides that the franchisee must sign a General Release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.*

**FORM OF GENERAL RELEASE**

This General Release Agreement ("Agreement") is made this \_\_\_\_\_, 20\_\_\_\_. It is among INDY CLOVER FRANCHISING, LLC, a Utah limited liability company ("Franchisor"), \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally "Franchisee") and \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally "Transferee").

**RECITALS**

On or about \_\_\_\_\_, Franchisor and Franchisee entered into a Indy Clover™ franchise agreement (the "Franchise Agreement[s]") for the operation of a Indy Clover franchise at the following location: \_\_\_\_\_.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. Renewal of Franchise Agreement. The parties covenant and agree:

A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Franchise must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal:\_\_\_\_\_.

D. If applicable, you will refurbish, remodel, and replace the Franchise fixtures and equipment to conform to the current Operations Manual and Method of Operation. This includes:\_\_\_\_\_.

E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of \$\_\_\_\_\_.

2. Franchise Transfer. The Parties covenant and agree:

A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them. The provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination and transfer will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Transferee agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreements as if Transferee had been named as the original franchisee in the Franchise Agreement. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the Franchise Agreements, including but not limited to execution of a new franchise contract in the form currently being used by Franchisor. The new franchise contract may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

C. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

D. All obligations of Franchisee in connection with the Franchise Agreement and the franchise are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreement will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

E. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes \$--- in current obligations and will owe additional funds for franchise fees through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

F. Franchisee is not in default in any way under the Franchise Agreement or any other agreement between it and Franchisor.

G. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of \$-----. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a \_\_\_ percent commission on the gross transfer price (excluding the price of real property), in the amount of \$\_\_\_\_\_. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Indy Clover franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

I. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, materials, advance paid deposits and other personal property and fixtures, except as follows:

---

L. Franchisee will properly operate the franchise and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Franchise.

M. Franchisee will maintain sufficient materials and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Franchise, except as follows:

---

N. Transferee agrees to place orders with product suppliers to maintain the materials and supply levels following the closing of this transaction.

O. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

P. Transferee will refurbish and remodel the Franchise to the current Operations Manual and Method of Operation within 90 days of transfer. This includes:

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[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

3. Franchisee to Cease Using Trade Names, Service Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, trademarks, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and any other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);

- B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;
- C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;
- D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property;
- E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system;

- 8. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Indy Clover franchise operations manuals, or any other nonpublic information related to the operation of the Indy Clover franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. Franchisee will continue to comply with all the confidentiality requirements of the Franchise Agreements.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

#### 8. Release.

- 8. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents ("Released Parties") from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties, or any of the Released Parties, arising prior to the date of this Agreement (except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

Franchisee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of the Franchise Agreement and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors,

officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing franchise or license agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

B. Waiver of Statute. This release is intended to waive, release and discharge all claims against Franchisor, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The parties, with the advice of legal counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

8. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees.

7. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in at least four hours of mediation in Utah County, Utah in accordance with

the mediation procedures of American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

H. Governing Law. This Agreement is accepted in the State of Utah and will be governed by the laws of Utah, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Utah franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Utah, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in Utah County, Utah.

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

K. Counterparts. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument.

8. Effective Date. The effective date of this Agreement shall be the date the last party signs.

***(Signatures on following page)***



IN WITNESS WHEREOF, the parties have executed this Agreement.

“Franchisor”: INDY CLOVER FRANCHISING, LLC

By (Signature): \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

"Franchisee":

By: \_\_\_\_\_  
\_\_\_\_\_, an individual

By: \_\_\_\_\_  
\_\_\_\_\_, an individual

[ENTITY NAME]

By (Signature): \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Instructions for signatures (above) for “Franchisee” and “Transferee”: If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

**Franchise Disclosure Document Exhibit I  
Confirmation of Additional Terms and Representations Addendum**

Indy Clover Franchising, LLC (“we/us”), and you are entering into an Indy Clover™ “Franchise Agreement” for the operation of a Indy Clover™ franchise. The purpose of this Addendum is to confirm any additional commitments or terms beyond those contained in our standard franchise agreement and contained in our current ‘Franchise Disclosure Document,’ including any oral statement, representation, promise or assurance made during the negotiations for the purchase of an Indy Clover™ franchise by any director, officer, employee, agent or representative of Indy Clover (each, a “**Representative**”).

***This Addendum will not be signed or used if the franchisee resides within or if the franchised business will be located within the states of California, Maryland, or Washington.***

**I. FRANCHISE**

**A. Description of Representations**

1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, Site location, operational assistance, or other services or write “None”:

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2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives or write “None”:

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3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19 or write “None”:

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4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating an Indy Clover™ franchise or write “None”:

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5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

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6. Describe any other statement, promise or assurance concerning any other matter related to an Indy Clover™ franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

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## II. YOUR PARTICIPATION

A. You will personally participate in the management of the Indy Clover™ Franchised Business as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.

B. Your purchase of the Franchise is for your own account and is not made with a view to or for resale.

**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.**

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT IN HIS/HER INDIVIDUALLY CAPACITY AND ON BEHALF OF THE LEGAL ENTITY.**

FRANCHISEE: (Individual)

\_\_\_\_\_

Name

\_\_\_\_\_

Signature

Date: \_\_\_\_\_

FRANCHISEE:

(Corporation, Partnership or Limited Liability Company)

a/an \_\_\_\_\_ corporation

a/an \_\_\_\_\_ partnership

a/an \_\_\_\_\_ limited liability company

\_\_\_\_\_

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

("we/us"): **INDY CLOVER FRANCHISING, LLC**

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

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

Title: \_\_\_\_\_

## **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

California:  
Illinois:  
Indiana:  
Maryland:  
Michigan:  
Minnesota:  
New York:  
North Dakota:  
Rhode Island:  
South Dakota:  
Virginia:  
Washington:  
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.

**Franchise Disclosure Document Exhibit J  
RECEIPT**

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **Indy Clover Franchising, LLC** offers you a franchise, it must provide this franchise disclosure document to you by the earliest of:

1. The first personal meeting to discuss the franchise (if you are in New York or Rhode Island); OR
2. 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale (10 business days if you are in Michigan, New York, Rhode Island).

If **Indy Clover Franchising, LLC** does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise are:

Tyler Peery, 155 S. State St., Suite C, Lindon, UT 84042, 480-635-6950  
Other:

Our authorized agents for service of process are identified on Exhibit F to this Franchise Disclosure Document.

Date of Issuance: March 6, 2024

I have received a disclosure document dated as indicated above that included the following Exhibits:

- A. Financial Statements
- B. Sample Franchise Agreement
- C. Telephone Acknowledgment and Assignment
- D. EFT Authorization
- E. Multi-State Addendum
- F. List of State Agents for Service of Process and State Administrators
- G. List of Current and Former Franchisees
- H. Form of General Release
- I. Confirmation of Additional Terms and Representations Addendum
- J. Receipt

**Signatures of All Prospective Franchisees:**

Date	Signature	Printed Name
------	-----------	--------------

Date	Signature	Printed Name
------	-----------	--------------

Name of Corporation/LLC/Partnership: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

ALL INDIVIDUALS WHO WILL SIGN THE FRANCHISE AGREEMENT MUST SIGN THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL ALSO BE EXECUTED BY A CORPORATION OR LIMITED LIABILITY COMPANY, AN OFFICER OR OWNER AUTHORIZED TO RECEIVE THIS CIRCULAR ON BEHALF OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL BE EXECUTED BY A PARTNERSHIP, THEN ALL GENERAL PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT AS GENERAL PARTNERS AND AS INDIVIDUALS.

**KEEP THIS COPY FOR YOUR RECORDS.**

**Franchise Disclosure Document Exhibit J  
RECEIPT**

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **Indy Clover Franchising, LLC.** offers you a franchise, it must provide this franchise disclosure document to you by the earliest of:

3. The first personal meeting to discuss the franchise (if you are in New York or Rhode Island); OR
4. 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale (10 business days if you are in Michigan, New York, Rhode Island).

If **Indy Clover Franchising, LLC.** does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit D.

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Tyler Peery, 155 S. State St., Suite C, Lindon, UT 84042, 480-635-6950  
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- G. List of Current and Former Franchisees
- H. Form of General Release
- I. Confirmation of Additional Terms and Representations Addendum
- J. Receipt

**Signatures of All Prospective Franchisees:**

Date	Signature	Printed Name
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Date	Signature	Printed Name
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Name of Corporation/LLC/Partnership: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

ALL INDIVIDUALS WHO WILL SIGN THE FRANCHISE AGREEMENT MUST SIGN THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL ALSO BE EXECUTED BY A CORPORATION OR LIMITED LIABILITY COMPANY, AN OFFICER OR OWNER AUTHORIZED TO RECEIVE THIS CIRCULAR ON BEHALF OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL BE EXECUTED BY A PARTNERSHIP, THEN ALL GENERAL PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT AS GENERAL PARTNERS AND AS INDIVIDUALS.

**PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO INDY CLOVER FRANCHISING, LLC., 155 S. State St., Suite C, Lindon, UT 84042.**