FRANCHISE DISCLOSURE DOCUMENT
(OPERATOR FRANCHISE)
FOR THE STATE OF CALIFORNIA

TOTAL CAR FRANCHISING CORPORATION
A South Carolina Corporation
125 Daytona Street, Conway, SC 29526
(800) 929-3363
www.colorsonparade.com

COLORSONPARADE™
THE ORIGINAL BODYSHOP ON WHEELS

As an Operator Franchisee, you provide one or more automotive repair and reconditioning technologies, including paint repair, paintless dent removal and interior repair, on automobiles, trucks or other vehicles in your assigned territory. The franchisor may also allow you to offer of restoration of planes, coffins, boats, restaurant upholstery and wheel and glass repair services.

The total investment necessary to begin operation of a Colors On Parade Operator franchised business is $33,800 to $103,000. This includes $10,000 to $18,227 that must be paid to the franchisor or its affiliate(s).

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 (10 business days in California) before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed 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 availability of disclosures in different formats and the resources required to view the document in each format, contact the Director of Franchise Sales at 800-929-3363.

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 contracts 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

Date of Issuance: May 1, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state.

REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR ARBITRATION ONLY IN THE STATE OF SOUTH CAROLINA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN THE STATE IN THE STATE OF SOUTH CAROLINA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT SOUTH CAROLINA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. EACH PRINCIPAL OWNER ENTRING INTO THE FRANCHISE AGREEMENT ATTACHED TO THIS FRANCHISE DISCOSURE DOCUMENT MUST GUARANTEE ALL OBLIGATIONS OF FRANCHISEE UNDER THE FRANCHISE AGREEMENT, THEREBY PLACING HIS/HER PERSONAL ASSETS AT RISK.

4. IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY EACH PROVISION OF OUR FRANCHISE AGREEMENT. THE SPOUSES OF OWNERS MAY ALSO BE REQUIRED TO CONSENT TO THE GUARANTEE, WHICH PLACES THE SPOUSES' MATERIAL ASSETS AT RISK.

5. CERTAIN SERVICES MAY BE PROVIDED TO YOU BY AN AREA REPRESENTATIVE, WHO WILL NOT BE A PARTY TO THE FRANCHISE AGREEMENT.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: Pending

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Exhibits

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor. Total Car Franchising Corporation ("TCFC") is a South Carolina corporation which was incorporated on September 17, 1991. TCFC is sometimes referred to in this franchise disclosure document as "we" or "us". TCFC does business as Total Car Franchising Corporation and under the "COLORS ON PARADE" mark. TCFC's principal address is 125 Daytona Street, Conway, SC 29526.

Parents and Predecessors. Our predecessor, TCI, Inc. ("TCI"), was formed as a South Carolina corporation in 1988. TCI developed the system and methods of mobile vehicle exterior paint repair and refinishing (the "System"), now franchised by TCFC, which is characterized by the Colors on Parade marks and logo, as well as distinctive design, signage, specifications, and appearance; uniform operating methods, procedures and techniques; and other confidential procedures, methods and techniques for inventory, cost controls, record keeping, reporting, personnel management, training, purchasing, marketing, sales promotion and advertising. TCI began business opportunities in 1988, but ceased any offerings after our formation, when TCI licensed the System to us. Following our formation, TCI's licensees became our franchisees. TCI's principal address is 8247 Forest Lake Drive, Conway, SC 29526.

We do not have any parent companies.

Affiliates. We currently have two affiliates. Our affiliate, Total Car, Inc. ("TCI"), was formed as a South Carolina corporation in 1988. TCI developed the quality on-location appearance technology utilized by TCFC and its franchisees in providing exterior paint repair and refinishing (the "Technology") and licensed the Technology to TCFC. Our affiliate, Total Car IP Holding Corporation ("TCIPHC"), was formed in January 2007 as a Delaware corporation and wholly owned subsidiary of TCFC. We transferred to TCIPHC certain patents that are presently used as part of the System at or about the time of its formation.

The principal address of our affiliate, TCI, is 8247 Forest Lake Drive, Conway, South Carolina 29526. The principal address of our affiliate, TCIPHC, is 125 Daytona Street, Conway, SC 29526.

None of our affiliates provides any products or services to our franchisees.

We have not offered franchises in any other line of business and none of our affiliates currently offer or has ever offered franchises in any line of business.

Agents for Service of Process. Our agents for service of process are listed on Exhibit B.

The Franchise Offered. We offer an Operator Franchise (the "Franchise") whereby you ("you," for the purposes of this franchise disclosure document, includes all equity owners of the franchisee) establish and operate a business that provides mobile vehicle repair and restoration services, including vehicle exterior paint repair and refinishing, paintless dent removal, and interior repair (the "Core Services"), under OUR Marks. With our training and prior approval, you may also perform other authorized restoration and improvement services ("Ancillary Services") under TCFC's Marks, such as restoration of planes, coffins, boats and restaurant upholstery and wheel and glass repair.

A Colors on Parade Operator Franchisee ("Operator Franchisee" or "Franchisee") A Colors on Parade Operator Franchise provides paint repair and restoration services, paintless dent repair services and/or interior repairs, and other ancillary services (collectively, the "Services") within a defined territory (the "Territory"). The current form of the Operator Franchise Agreement is attached to this franchise disclosure document as Exhibit C. A person or entity that enters into an Operator Franchise Agreement with us is referred to as an "Operator Franchisee." An Operator Franchisee operates one or more operating units, each of which consists of a certified Colors on Parade® truck or van with proprietary mobile laboratory (an "Operating Unit"). An Operator Franchisee receives assistance and advice from us and/or a Colors On Parade area representative ("Area Representative"). A Colors on Parade Area Representative provides one or more of the Services within a designated area (the "Development Area"), using one or more Operating Units, and assists Operator Franchisees in its Development Area to establish their businesses and obtain and service customers in their territories. We compensate the Area Representative for your Territory for assisting you by sharing the monthly royalty fees that you pay to us. An Area Representative may not offer franchises for sale in a registration state until such time as it has an effective registration application in that state.

We began offering Operator Franchises (which were formerly called "Limited Rights Franchises") in November 1991.

Although we have also offered an area representative franchise in California in the past and currently offer an area representative franchise in other states, we do not currently offer an area representative franchise in California.

Competition. The market for the Services consists of automobile dealerships, vehicle fleets, auctions, and any other centers of vehicle distribution or maintenance, as well as individual automobile owners. The market is generally highly competitive and you will compete with a number of businesses offering similar products and services, including other franchised businesses, automobile dealers, independent body repair shops and other mobile providers.

Regulatory Matters. Certain vehicle surface restoration involves the use of various paints, solvents and chemicals. Franchisees must conform to regulations issued by the Occupational Safety Hazards Act ("OSHA"), the Environmental Protection Agency and state and other local authorities regarding the use of these materials. Franchisees must also comply with regulations of the Federal Department of Transportation and state departments of transportation regarding the setup of the mobile laboratory inside your mobile Operating Unit(s). We are not responsible for informing you of or your compliance with such regulations, ordinances or laws and you must determine and comply with all applicable regulations, ordinances or laws prior to rendering any Service.

Item 2

BUSINESS EXPERIENCE

Jeffrey Cox: President, CEO and Director

Mr. Cox was appointed President & CEO in August 2004 and elected as a director in February 2008.

Jill O'Connor-Rumohr: Finance Director, CFO and Director

Ms. O'Connor-Rumohr was appointed Finance Director in December 2014 and CFO in January 2015 after serving as Business Manager since 2004 and a team member of the finance department since June 1998.

Mary Williams: Director of Operations

Mrs. Williams was appointed Director of Operations in June 2017 and was in Colors On Parade Operations from January 2016 until June 2017. From October 2010 until October 2015, Mrs. Williams was self-employed.

Raymond C. Harcum Jr.: National Sales Director

Mr. Harcum was appointed National Sales Director in December 2016. Mr. Harcum was a Financial Advisor for Prudential Financial, Myrtle Beach, SC, from May 2016 to December 2016, a Financial Advisor/Unit Field Trainer for Bankers Life, Myrtle Beach, SC, from November 2014 to May 2016 a and a Financial Advisor for Edward Jones, Myrtle Beach, SC, from September 2013 to November 2014. Mr. Harcum was a Pharmaceutical Sales Representative for Horizon Pharma, Myrtle Beach, SC. From November 2012 to September 2013 and a Pharmaceutical Sales Representative American HomePatient, Myrtle Beach, SC from March 2010 to November 2012.

Jacqueline Claire Garstka: Vice President, Sales & Marketing

Ms. Garstka was appointed Vice President, Sales & Marketing in October 2013. Ms. Gartska is also the owner of New Life Communications and has held previous positions as Senior Program Director for the YMCA and Account Executive for Trone Advertising.

John Chaisson, III: PDC Director

Mr. Chaisson was appointed PDC Director in April 1995.

N. Lee Moody, II: Technical Development Coordinator/Trainer

Mr. Moody has held the position of Technical Development Coordinator since February 2007 and has also been a Colors On Parade Trainer since July 2007.

Item 3

LITIGATION

No litigation is required to be disclosed in this item.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

Item 5

INITIAL FEES

Initial Franchise Fee. The initial franchise fee (the "Initial Franchise Fee") is $5,000. You pay the Initial Franchise Fee to us when we have satisfied our pre-opening obligations to you under the Franchise Agreement and you open for business. The Initial Franchise Fee payable by Operator Franchisees is uniform with respect to all new Operator Franchisees and is non-refundable.

Training Fee. You pay a training fee (the "Training Fee") to us for the training program ("Training Program") for each Service that you wish to provide, except that there is no fee for paint repair and refinishing. The Training Fee for paintless dent removal is $4,000 and the Training Fee for interior repairs is $5,000. You pay the Training Fee when we have satisfied our pre-opening obligations to you under the Franchise Agreement and you open for business. Training Fees are uniform with respect to all new Franchisees and are non-refundable.

Equipment Set-up Fee. You pay us an Equipment Set-up Fee, based upon the Services that you are authorized to offer, which includes all mandatory equipment to set up one operating unit. You pay the Equipment Set-up Fee when we have satisfied our pre-opening obligations to you under the Franchise Agreement and you open for business. The Equipment Set-up Fee for each Service is as follows:

Type of Service	*Set-up Fee (includes all mandatory equipment)*
Paint repair and refinishing	$13,500
Paintless dent removal	$5,000
Interior repair	$8,227

We will deliver the equipment to you upon your completion of the Training Program.

You may also elect to purchase used equipment, subject to availability, instead od new equipment, for paint repair and refinishing or paintless dent repair. The cost of used equipment ranges from $5,000 to $13,000 for paint repair and refinishing and from $4,000 to $4,500 for paintless dent repair.

Except as identified above, all fees are uniformly imposed on all new Operator Franchisees and are non-refundable.

Based upon our financial information, the Commissioner of the California Department of Business Oversight has required the deferral of all initial fees and payments until such time as TCFC completes its initial obligations under the Franchise Agreement and you open for business.

Item 6

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty [1-3]	15 - 30% of collected Gross Sales	Payable on the 20th day of each month, based upon payments actually collected.	If there is an Area Representative for your Territory upon the effective date of this Agreement, the Royalty will be an equal to thirty percent (30%) of your Gross Sales. If there is no Area Representative for your Territory upon the effective date of this Agreement, the Royalty will be an equal to fifteen percent (15%) of your Gross Sales, however, in order to qualify for the reduced Royalty, at such time as there is an Area Representative for your Territory, you must provide technical training to the Area Representative and any new Operator Franchisees operating in the Area Representative's development area, and their respective employees, upon our request. Collected Gross Sales include all monies and receipts collected for the Services you perform. Customer invoices are payable within 30 days.
Training for Additional Core Services	Training Fee for each Service	Upon demand	If you wish and we permit you to provide additional Core Services that are not specified in your Franchise Agreement, you pay a Training Fee for each additional Service.
Additional Training	Our costs and expenses	Upon demand	We may provide additional training in new Core Services technology. If such additional training is mandatory, we will provide the training to you free of charge. If the training is optional, we may require you to reimburse us for our actual costs and expenses.

Name of Fee	Amount	Due Date	Remarks
Periodic Meetings or Conventions	$250 - $500	Upon demand	We charge a registration fee to cover our costs and expenses that is payable upon registration. The purpose of these meetings and conventions is to review and discuss new developments in technology and marketing.
Transfer [4]	$5,000 (or 15% of the gross sales price, if we find the buyer)	Before the transfer	Payable when you sell your Franchise.
Transferee Training	$2,500, payable if the transferee has not previously successfully completed our training program for each Service to be offered	Before the transfer	Payable when you sell your Franchise.
Audit	150% of our actual costs and expenses of audit or review, including salary or fees paid to employees or accountants	Upon demand	Payable only if an audit or review shows an understatement of 2% or more of Gross Sales or any other sum owed to our affiliates or us for the period audited or reviewed.
Renewal	50% of the then-current Initial Franchise Fee at the time of renewal (but in no event less than $2,500)	If and when you renew	Other requirements must be met in order to renew.
Late Charge and Interest	$100 plus interest at the rate of 18% per annum or the maximum interest rate allowed by law (whichever is less) from due date to date of payment	Upon demand	Required whenever you make any payment to us after its due date.
Liquidated Damages[5]	The greater of $25,000 or a sum equal to the 30% Royalty payable for the 12 months prior to termination	Upon demand	Payable only if we terminate the Franchise Agreement as a result of your default or if you violate any of the post-term covenants of the Franchise Agreement after its termination or expiration.

Name of Fee	Amount	Due Date	Remarks
Indemnification	Actual amount of fines, losses, damages, costs and expenses (including attorneys' fees) incurred by us.	Upon demand	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you relating to the operation of your Franchise.
Failure to return the Manual at the end of Franchise	$10,000	30 days after the expiration or termination of Franchise Agreement if the Manual is not returned.	This fee is designed to ensure that the confidential materials of the System are maintained, not disbursed and are kept confidential.

1. "Gross Sales" is defined as any and all revenues from any and all repair and reconditioning services that you and your employees provide, whether for cash, credit, script, check, services or property. Gross Sales does not include (i) promotional allowances or rebates paid to you when you purchase products or supplies, or (ii) sales or use taxes, measured on the basis of your Gross Sales, imposed by governmental authorities, if such taxes are added to your selling price for your services and are in fact paid. Refunds to customers shall be deducted from Gross Sales only to the extent such amounts have previously been included in Gross Sales and Royalties paid.

2. You authorize us or an Area Representative that we designate (the "Billing and Collections Agent") to invoice for all of the services that you and your employees provide and to collect for such services on your behalf. We or the Billing and Collections Agent pay you the amount of the Gross Sales collected, less the Royalty Fee and any other fees or charges payable to us or the Area Representative by you, within 20 days after they are collected. Subject to the performance incentive program described below, if applicable, the Royalty Fee is 30% of the collected Gross Sales. If an Area Representative acts as the Billing and Collections Agent, the Area Representative pays you your collected Gross Sales less the Royalty Fee and any other amounts payable to us, and pays us 7% of invoiced Gross Sales for its Development Area, whether collected or uncollected, the Advertising Fund contribution and any other amounts payable to us, and retains the remainder of the collected Gross Sales for the services provided by the Area Representative. If we act as the Billing and Collections Agent for the Development Area in which you operate, we pay you the amount of your collected Gross Sales less the Royalty Fee and any other amounts payable to us.

3. Under the current Performance Incentive Program, which we may modify or discontinue at any time, in our sole and absolute discretion, if you are obligated to pay a 30% Royalty and are not eligible for any other Royalty reduction or rebate, you will receive a performance incentive ("*Performance Incentive*") for each month that your Gross Sales exceed the benchmarks set forth below. Under the Performance Incentive Program (if applicable): (a) if your Gross Sales for the month are $10,000 or more (but less than $15,000), you will receive a Performance Incentive in an amount equal to 3% of your Gross Sales for the month; (b) if your Gross Sales for the month are $15,000 or more (but less than $20,000), you will receive a Performance Incentive in an amount equal to 5% of your Gross Sales for the month; (c) if your Gross Sales for the month are $20,000 or more (but less than $30,000), you will receive a Performance Incentive in an amount equal to

7% of your Gross Sales for the month; and (d) if your Gross Sales for the month are $30,000 or more, you will receive a Performance Incentive in an amount equal to 10% of your Gross Sales for the month. Any Performance Incentives earned by you hereunder will be remitted to you within 30 days following the end of the month during which the Performance Incentive was earned.

4. Not applicable with respect to transfers to spouses or children or to an entity controlled by you.

5. If we terminate the Franchise Agreement as a result of your default, or if you violate any of the post-term covenants of the Franchise Agreement after its termination or expiration, you must pay us, as liquidated damages and not as a penalty, the greater of $25,000 or an amount equal to 30% of your Gross Sales for the twelve months prior to termination. This sum is payable only if we terminate the Franchise Agreement as a result of your default or if you violate any of the post-term covenants of the Franchise Agreement after its termination or expiration.

All of the fees described above are payable to us or our affiliates and are non-refundable.

Item 7

ESTIMATED INITIAL INVESTMENT

PAINT REPAIR AND REFINISHING SERVICES YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is Made**
	Low	**High**			
Initial Franchise Fee[1]	$5,000	$5,000	Lump sum	When you sign the Franchise Agreement	TCFC
Vehicle[2]	$5,000	$24,000	As arranged by you	As arranged by you	Vendor
Training Fee[3]	$0	$0	N/A		
Laptop Computer & Printer	$800	$2,000	As arranged by you	Before opening	Vendors
Equipment Set-up Fee[4]	$5,000	$13,500	Lump sum	Upon delivery of the equipment	TCFC
Insurance[5]	$750	$6,000	Down payment	Before opening	Insurance companies
Travel and living expenses while training[6]	$1,500	$6,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Royalty[7]	30% of Gross Sales	30% of Gross Sales	Deducted from the collected Gross Sales	Monthly	TCFC
Miscellaneous opening costs	$750	$1,500	As arranged	Before opening	Vendors
Additional funds – 3 to 6 months[7]	$15,000	$45,000	As incurred by you	As incurred	Vendors, suppliers, etc.
Totals	$33,800	$103,000			

PAINTLESS DENT REMOVAL SERVICES YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Initial Franchise Fee[1]	$5,000	$5,000	Lump sum	When you sign the Franchise Agreement	TCFC
Vehicle[2]	$5,000	$24,000	As arranged by you	As arranged by you	Vendor
Training Fee[3]	$4,000	$4,000	Lump Sum	30 days before the first day of the Training Program	TCFC
Laptop Computer & Printer	$800	$2,000	As arranged by you	Before opening	Vendors
Equipment Set-up Fee[4]	$4,000	$5,000	Lump sum	Upon delivery of the equipment	TCFC
Tools	$1,600	$2,000	As incurred	As incurred	Vendors, suppliers, etc.
Insurance[5]	$525	$4,000	Down payment	Before opening	Insurance companies
Travel and living expenses while training[6]	$3,000	$6,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Royalty[7]	30% of Gross Sales	30% of Gross Sales	Deducted from the collected Gross Sales	Monthly	TCFC
Miscellaneous opening costs	$750	$1,500	As arranged by you	Before opening	Vendors
Additional funds - 3 to 6 months[7]	$15,000	$45,000	As incurred	As incurred	Vendors, suppliers, etc.
Totals	$39,675	$98,500			

INTERIOR REPAIRS YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is Made**
	Low	**High**			
Initial Franchise Fee[1]	$5,000	$5,000	Lump sum	When you sign the Franchise Agreement	TCFC
Vehicle[2]	$5,000	$24,000	As arranged	As arranged	Vendor
Laptop Computer & Printer	$800	$2,000	As arranged	Before opening	Vendors
Training Fee[3]	$5,000	$5,000	Lump sum	30 days before the first day of the Training Program	TCFC
Equipment Set-up Fee[4]	$8,227	$8,227	Lump sum	Upon delivery of the equipment	TCFC
Insurance[5]	$525	$4,000	Down payment	Before opening	Insurance companies
Travel and living expenses while training[6]	$2,000	$3,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Royalty[7]	30% of Gross Sales	30% of Gross Sales	Deducted from the collected Gross Sales	Monthly	TCFC
Miscellaneous opening costs	$750	$1,500	As arranged by you	Before opening	Vendors
Additional funds - 3 to 6 months[7]	15,000	$45,000	As incurred	As incurred	Vendors, suppliers, etc.
Totals	$42,302	$97,727			

NOTES:

1. The Initial Franchise Fee is $5,000.

2. You must purchase or lease a vehicle that meets TCFC's specifications, have all required equipment, supplies, tools, and other required items installed in the vehicle by TCFC by TCFC or a Colors On Parade Area Representative designated by TCFC, and have the fully-equipped vehicle (an "Operating Unit") inspected and certified by TCFC or an Area Representative designated by TCFC prior to the Training Program and before you may use it in connection with the Franchised Business. The cost of installing all required equipment, supplies, tools, and other required items in the Operating Unit is included in the Equipment Set-up Fee. Financing for the vehicle may be available through vendor sources based on your credit.

3. The Training Fee for interior repairs is $5,000 and includes a 2 week train program conducted in Hawaii; the training fee is $4,000 for paintless dent repair. There is no Training Fee for paint repair services.

4. The Equipment Set-up Fee is $5,000 to $13,500 for paint repair and refinishing services, $4,000 to $5,000 for paintless dent removal services, and $8,227 for interior repairs. Each Equipment Set-up fee includes all mandatory tools, equipment and supplies necessary for you to provide the selected Core Service and a copy of the most recent version of the QuickBooks program that you must use in connection with the operation of the Franchised Business. The Equipment Set-up fee for paint repair and refinishing includes the cost of the Sealed Bulkhead and Vent System, which costs $1,250 and is supplied through an approved TCFC vendor. You pay an Equipment Set-up Fee for each Core Service that you choose to provide. You pay the Equipment Set-up Fee 30 days before the first day of the Initial Training Program.

5. TCFC has, from time to time, negotiated arrangements with insurers, such as Aetna Insurance Company, through Lanigan Insurance, to cover Franchisees. You may acquire insurance that meets our requirements from any A.M. Best "A" or better rated insurance carrier. Insurance cost and method of payment may not be uniform for each Franchisee. Premiums will differ depending on the insurer, the location of the Franchise Business, insurer's adjustments, deductibles, amount of coverage, insurance requirements of applicable law and other factors. The above numbers are TCFC's best estimate of the initial payment for the minimum coverage required. Each Franchisee is required to provide proof of insurance to TCFC prior to the first day of the Training Program. Lanigan Insurance does not provide TCFC with any payments, rebates, marketing monies or the like if you use Lanigan to obtain your insurance.

6. You must arrange and pay for all transportation, lodging, meals and wages for yourself and any of your employees that receive training. This estimate includes costs of transportation, lodging and meals for one person. These costs will vary depending on the distance traveled and the type of accommodations you choose. Training for paint repair and refinishing takes place in Conway, South Carolina. Training for paintless dent removal takes place in Conway, South Carolina, Stillwel, Kansas and Roanoke, Virginia. Training for interior repair takes place in Kailua, Hawaii.

7. The figures above do not include payments that are based upon Gross Sales.

8. The figures above are TCFC's best estimate for covering your ongoing expenses for approximately three to six months with respect to your operation of a Franchise. A franchisee can operate solely from its Operating Unit(s); however, the figures above include the costs of telephone and/or voice mail service. Your costs will vary depending on how rapidly your business grows and may be more or less than those described in the chart above. If you obtain financing, the amount of your investment also may depend on the terms of certain covenants in your financing documents, which may require you to maintain specific debt-to-equity or other ratios.

9. These figures do not include expenses that are based upon your Gross Sales, such as royalties and advertising fees, if applicable.

There are no other material payments that you need to make in order to begin operating your Franchised Business. Any amounts paid to TCFC or our affiliates are not refundable, except as otherwise provided; amounts paid to a third party may be refundable, depending upon the contract or arrangement, if any, between you and the third party. We have relied on our experience in operating and franchising mobile vehicle exterior paint repair and refinishing businesses in formulating the estimates contained in this Item.

You should review these figures with a business advisor before making any decision to purchase a Franchise.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Accounting Software. You must use the QuickBooks Pro program that we provide to you as part of the Equipment Set-up fee in connection with the operation of your business.

Insurance. You must purchase and maintain a general liability insurance policy (covering injuries and personal property damage) with an aggregate minimum coverage of $2,000,000, ($1,000,000 limit per occurrence); auto coverage with limits of at least $1,000,000 combined, single Limit Liability and No-Fault coverage where required by law; a garage keepers policy with a $60,000 Limit and a rider covering "at Customer's Premise" and "Direct Primary Coverage"; a miscellaneous equipment floater with a $15,000 Limit for portable equipment and laptop computers; workers' compensation coverage as required by state law; and an umbrella rider providing $1,000,000 excess over all underlying liability coverage. TCFC must also be listed as the additional insured party on all of your business insurance policies. You must obtain your insurance from an insurance agency that is qualified to sell insurance in the state in which your Franchised Business is located or operated and all insurance must be rated "A" or better by A.M. Best Rating Service or a comparable rating service. Lanigan Insurance Company, Atlanta, GA, TCFC's current agency, offers a package program to franchisees that meets all of TCFC's requirements, however, subject to the limitations stated above, you may purchase the foregoing insurance coverages wherever you choose. Lanigan Insurance does not provide TCFC with any payments, rebates, marketing monies or the like if you use Lanigan to obtain your insurance.

Advertising. You may not use any advertising or promotional materials (other than those advertising materials that were provided to you by TCFC or approved advertising agencies) without receiving TCFC's prior written approval. For more information on the Co-op Advertising Fund, see Item 11.

Equipment, Tools, Products and Supplies. Initially, TCFC provides you with equipment, tools, supplies and the initial inventory necessary to perform each selected Core Service specified in your Franchise Agreement. The cost of such equipment, tools, supplies and inventory for one operating unit is included in the Equipment Set-up Fee.

After you commence operations, if you wish and are permitted to offer any additional Core Service(s) that are not specified in your Franchise Agreement, or any Ancillary Services, you must purchase the required equipment for such service(s) only from either TCFC or its affiliates or approved suppliers. TCFC provides a list of approved suppliers in the Manual or other written communications to you. In addition, if we should disapprove an approved supplier for any reason, we will identify all such suppliers in the Manual or other written communications. Any purchases from us and our affiliates, whether required or voluntary, will generally be at prices exceeding our costs.

You may not use any equipment, tools, supplies and inventory in the operation of the Franchised Business that you have not obtained either from us or an approved supplier without our prior written approval. Under no circumstances will you be permitted to purchase products, other than basic automotive products for your vehicle(s), from any company or person that has attempted to "knock off" or otherwise analyze for replication TCFC's products, including all products patented or patent pending and all products that are sold with the Colors on Parade® trademark or trade name.

Our specifications and standards are issued to you and our criteria for supplier approval are available to you.

Vehicle. You must purchase a white truck or van (new or used, any make), in good condition, with at least a ½ ton cargo capacity, which is equipped in accordance with our specifications, as set forth in the Manual ("Vehicle"), for your use in connection with the operation of the Franchised Business. You may purchase the Vehicle from any supplier.

Computer. You must purchase a laptop computer and printer for your use in connection with the operation of the Franchised Business that meet or exceed our minimum specifications. You may purchase the computer and printer from any supplier.

Purchase Agreements. TCFC attempts to negotiate agreements with paint suppliers and vendors for purchase of items that you require for the operation of the Franchised Business. TCFC has negotiated an agreement with PPG Industries, Inc. ("PPG") for the purchase of automotive refinish paint products from PPG at purchase prices that are generally more competitive than independent jobber prices so that Franchisees may save on the cost of paint and paint related supplies. In accordance with the PPG Agreement, PPG provides TCFC with a $25,000 marketing credit each year. TCFC intends to renew the PPG Agreement prior to its expiration, but TCFC has not yet had any discussions with PPG regarding the renewal of the agreement and there can be no assurance that PPG will agree to a renewal of the agreement upon the same terms or at all.

Stocking Agent Program. Although we have the right to do so, TCFC has not established any purchasing or distribution cooperatives, except that TCFC has established a Stocking Agent program. Under an agreement with the Colors on Parade Franchise Advisory Council, Inc. ("COPFAC"), TCFC makes products and supplies available to Operator Franchisees through a Stocking Agent, who is usually an Area Representative or a Company Store Manager. As part of this Stocking Agent program, COPFAC has the right to appoint a Product Development & Testing Committee for the purpose of advising TCFC on product review, testing, value, pricing, performance and distribution of products sold through the Stocking Agent program, however, the Product Development & Testing Committee's recommendations do not obligate TCFC in any way. The Stocking Agent program is currently in effect in only one area – Tampa, FL, and TCFC is no longer offering new Stocking Agent programs. The Stocking Agent program in Tampa operates in the following manner: TCFC delivers an inventory of various products to the Area Representative Franchisee in the area. TCFC retains ownership of the product until it is notified that a franchisee has picked up the product, at which time TCFC charges the Franchisee's credit card for the purchase. Franchisees are not required to purchase any products through this program.

Although we have the right to do so, TCFC has not established any purchasing or distribution cooperatives, except that TCFC has established a Stocking Agent program. Under an agreement with the Colors on Parade Franchise Advisory Council, Inc. ("COPFAC"), TCFC makes products and supplies available to Operator Franchisees through a Stocking Agent, who is usually an Area Representative or a Company Store Manager. As part of this Stocking Agent program, COPFAC has the right to appoint a Product Development & Testing Committee for the purpose of advising TCFC on product review, testing, value, pricing, performance and distribution of products sold through the Stocking Agent program, however, the Product Development & Testing Committee's recommendations do not obligate TCFC in any way. The Stocking Agent program is currently in effect in only one area – Tampa, FL, and TCFC is no longer offering new Stocking Agent programs. The Stocking Agent program in Tampa operates in the following manner: TCFC delivers an inventory of various products to the Area Representative Franchisee in the area. TCFC retains ownership of the product until it is notified that a franchisee has picked up the product, at which time TCFC charges the Franchisee's credit card for the purchase. TCFC replenishes the inventory held by the Area Representative on a monthly basis. Franchisees are not required to purchase any products through this program.

Except as described above, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to establishing or operating your Franchised Business from TCFC or an affiliate, its designee, or suppliers designated or approved by TCFC, or under TCFC's specifications.

Approval of other Suppliers. supplier other than TCFC or the ones approved by TCFC, you may request TCFC's approval. All equipment, tools, products or supplies must meet TCFC's specifications, which are made available to Franchisees, except where proprietary products are involved. After TCFC receives a written request for approval of a proposed supplier, TCFC may request additional information concerning such supplier and/or may require that the proposed supplier provide a sample for TCFC's inspection. After TCFC has received all requested information, TCFC will review the request and decide whether or not to approve it. Factors that TCFC will consider in making such decision include: design, support, appearance, product reliability and reputation, conformance to applicable laws, manufacturer's reputation, financial position and warranties, and other information which TCFC believes relevant. TCFC will advise you of its decision as soon as practical and estimates that requests will take from 30 to 180 days to process after TCFC has received all of the information it requests, depending primarily upon the complexity of the item or items involved. TCFC does not presently charge any fee for making such a review but has the right to do so and may charge a reasonable fee in the future for undertaking such a review.

If TCFC's approval of any equipment, tools, products or supplies is subsequently revoked, TCFC will notify its franchisees of such revocation in the Manual or other written communications. TCFC's franchisees will have the right to continue to use equipment, tools, products or supplies purchased prior to receipt of such notification. TCFC may also provide notice of revocation of approval to the supplier(s).

None of TCFC's affiliates is currently an approved supplier and no officer of TCFC or its affiliates owns an interest in any approved supplier.

We estimate that purchases you make from us or designated or approved suppliers represents approximately 30% of your costs to establish an Operator Franchise. We estimate that purchases you make from or designated or approved suppliers represents approximately 0% - 25% of your ongoing costs in operating an Operator Franchise.

During our most recently completed fiscal year ended December 31, 2017, our total revenues from the sale of products and billing and collections to franchisees were $1,331,929. This figure represents approximately 38% of our total revenues of $3,464,337 for that fiscal year.

Except as stated above, neither we nor our affiliates currently receive payments from suppliers on account of their actual or prospective dealings with you and other franchisees, however, we reserve the right to do so and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of designated or approved suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the franchise and other agreements. They will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section In Agreement	Item In Franchise Disclosure Statement
a. Site selection and acquisition/lease	None	Not applicable
b. Pre-opening purchases/leases	5.1(c)	Items 7 and 8
c. Site development and other pre-opening requirements	5.1	Items 5, 7, 8 and 11
d. Initial and ongoing training	4.1(b), 4.1(c)(iii), 5.1(b), 5.2(c)	Items 7 and 11
e. Opening	None	None
f. Fees	3	Items 5, 6, 7 and 17
g. Compliance with Manual	4.1, 5.1, 5.2, 5.3(b), 5.4(b)(ii), 5.7(c)(iv), 7.2	Items 8, 15 and 16
h. Trademarks and proprietary information	5.2(j), 5.4	Items 13 and 14
i. Restrictions on products/services offered	4.1(c), 5.1(c)	Item 8 and 16
j. Warranty and customer service requirements	None	Not applicable
k. Territorial development and sales quotas	4.1(d)	Item 12
l. Ongoing product/service purchases	5.2(j)	Item 8
m. Maintenance, appearance and remodeling requirements		Item 11
n. Insurance	5.1(f)	Items 7 and 8
o. Advertising		Items 8 and 11
p. Indemnification	5.5	Item 6
q. Owner's participation/ management/staffing	5.2	Item 15
r. Records and reports	5.3	Not applicable
s. Inspections and audits	5.3	Item 6
t. Transfer	5.7	Items 6 and 17
u. Renewal	2.2	Items 6 and 17
v. Post-termination obligations	7	Item 17
w. Non-competition covenants	5.6	Item 17
x. Dispute resolution	8	Item 17

Item 10

FINANCING

Summary of Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation. We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. We do not place financing for you or receive direct or indirect payments for placing financing.

The U.S. Small Business Administration ("SBA") has approved TCFC's application to be listed on the Franchise Registry as of July 3, 2006. This listing ensures expedited loan processing for franchisees and prospective franchisees obtaining SBA financing. No fees or terms have been agreed upon for SBA financing.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, TCFC is not required to provide you with any assistance.

All references below relate to relevant sections of the Franchise Agreements, as indicated.

Pre-Opening Assistance

Before you open your Franchised Business, TCFC will:

1. Loan you one copy of the Manual or make a copy of the Manual available to you (Section 4.1(a) of the Franchise Agreement).

2. Train you to provide at least one Core Service. At your option, we will provide training to additional employees, but may require that you pay a training fee for such employees (Section 4.1(b) of the Franchise Agreement). TCFC's training programs are described below in this Item 11. In the case of an Operator Franchisee, an additional training fee of $2,500 will be required for each partner in the Franchised Business.

3. Furnish you with a list of acceptable suppliers of the equipment that you will need to operate your Franchised Business and specifications and standards for such equipment, including your truck. (Section 4.1(c) of the Franchise Agreement).

4. Either directly or through an Area Representative, assist you in setting up your Franchise, as more particularly described in Section 4.1(d) of the Franchise Agreement.

Ongoing Assistance

During the operation of your Franchised Business, TCFC will provide you with the following:

1. If there is an Area Representative Franchisee for your Territory, the Area Representative will use reasonable efforts to provide you with accounts during the first six months after the execution of your Operator Franchise Agreement (Section 4.1(d) of the Operator Franchise Agreement).

2. At least one national or regional meeting per year (Section 4.2(a) of each Franchise Agreement). We charge a fee for these meetings to cover the costs and expenses of such meetings.

3. Training in new Core Services technology included in the System, if any, and other operational advice. Such training will be free of charge if required by TCFC; if not required by TCFC, TCFC may charge you a fee for such training in an amount sufficient to reimburse TCFC for its costs and expenses. (Section 4.2(b) of each Franchise Agreement)

4. Marketing advice and suggestions. (Section 4.2(c) of each Franchise Agreement)

5. On-the-job assistance by either an employee or representative of TCFC or an Area Representative or its employees (Section 4.2 (d) of the Franchise Agreement).

6. Other assistance or advice by means of newsletter, telephone or other forms of electronic communications. (Section 4.2(e) of the Franchise Agreement)

7. Research and development efforts that TCFC's believes may be helpful to improve the System. (Section 4.2(f) of the Franchise Agreement)

8. Billing and collection services, either directly or through a Billing and Collections Agent. (Section 3.2(b) of the Franchise Agreement) We or an Area Representative that we designate (the "Billing and Collections Agent") invoice and collect for all of the services that you provide on your behalf. We or the Billing and Collections Agent invoice your Gross Sales and pay you the amount of your collected Gross Sales, less the Royalty Fee and any other fees payable by you to us, or to the Area Representative, within 20 days after receipt. If an Area Representative acts as the Billing and Collections Agent, the Area Representative pays us 7% of the invoiced Gross Sales, whether collected or uncollected, and the 1% Advertising Fund contribution, and retains the remainder of the collected Gross Sales for the services provided by the Area Representative. If we act as the Billing and Collections Agent for the Development Area in which you operate, we pay you the amount of your collected Gross Sales, less the 30% Royalty Fee and any other amounts payable to us.

Advertising

If you advertise, you may use your own advertising materials in promoting your Franchise, but these materials must be approved by TCFC before you use them. (Section 5.4(a)(v) of each Franchise Agreement) All advertising must conform to the standards and requirements specified by TCFC in the Manual. TCFC may develop in-house advertising and promotional materials or procure such materials from an outside advertising agency, which you may purchase at your option and expense. Subject to TCFC's right of prior approval, your advertising may be disseminated in any kind of media.

TCFC has established a Co-operative Advertising Fund (the "Fund") for the promotion of the System. All new Area Developers must participate in the Fund and all other Area Developers may participate on a voluntary basis. In addition, TCFC currently participates in the Fund for each company-owned Development Area. As of the date of this Franchise Disclosure Document, 24 Area Developers and 6 company-owned Development Areas are participating in the Fund. Each participant contributes at one percent (1%) of the Gross Sales in its Development Area. The Fund is administered by TCFC, however, all decisions concerning the expenditure of money from the Fund and placement of advertising are made, subject to TCFC's approval, by an Advertising Steering Committee (the "Committee") consisting of TCFC's marketing director, who serves as chairman, and six Area Developers who are elected for two year terms by the Area Developers participating in the Fund at an annual meeting of the Fund participants. Any contribution to the Fund by an Area Developer is in addition to any local advertising conducted by the Area Developer in its Development Area. The Fund is intended to maximize general public recognition, acceptance and use of the System and the Committee is not obligated to make expenditures for you, on your behalf, or in your Development Area which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or on a *pro rata* basis from expenditures from the Fund. The Fund may be used for marketing to national or regional accounts, for Internet, magazine, newspaper, television, radio or other medium of advertising, or to solicit new franchise sales, or for the purchase and distribution of promotion objects, such as shirts, hats, key rings and other objects, that promote the System, to be obtained and distributed by us as the Committee deems appropriate. There is no limitation on the percentage of the Fund that may be used to solicit new franchise sales. The Fund may also be used to reimburse us for internal expenses actually incurred in connection with operating an advertising, marketing or sales department and administering the advertising program, however, reimbursement of internal expenses shall not exceed 10% of all contributions to the Fund. All sums contributed by Franchisees to the Fund are maintained by us in a separate account from our general operating revenues. The Fund does not, and will not be deemed to, impose any fiduciary duties on us or create a fiduciary relationship between us.

Any amounts in the Fund at year-end shall carry over to the next year. Contributions to the Fund are not refundable and there will be no general distribution of funds to Franchisees, except in the furtherance of advertising and marketing, as may be determined by the Committee. In the most recently concluded fiscal year, the Fund was used as follows: production and media placement (41%); social media (10%); creative development (6%); account management (20%); administrative expenses (3%); and tradeshow expenses (20%). TCFC will provide you with an accounting of the Fund for the prior year upon your request.

Computer System

Software. We will provide you with the most current version of the QuickBooks program as part of the Equipment Set-up fee, and you must install it on the computer that you will use in connection with operation of the Franchised Business. We have the right to require you to use different or additional software in the future.

Hardware. You must purchase a laptop computer and printer that meet or exceed the minimum specifications contained in the Manual, as revised from time to time. The computer will enable you to record the work that you perform.

The current specifications for the Computer System are:

Computer:	Windows XP (SP2), Vista or 7 2.0 GHz Pentium 4 processor 512 MB RAM (1 GB recommended) for a single user, 1 GB of RAM for multiple, concurrent users 1 GB of available disk space (additional space required for data files) Monitor display resolution of 1024 X 768 at 16-bit color (Supports 800x600 with small fonts) 4x speed CD-ROM drive
Printer:	Any printer that will connect and function with laptop computer.

The cost of a computer and a printer that meet our current minimum requirements ranges from $800 to $2,000. You do not have to purchase any software, so there is not software cost.

There are no optional or required maintenance updates, upgrading or support contract, however, the System may be improved in the future due to new products, technology or authorized services and, if any updates or upgrades are required in the future, you must update or upgrade your hardware and software as often as required at your cost and there is no contractual limitation on the frequency or cost to do so.

Neither we nor any affiliate or third party is required to provide maintenance, repairs or updates to your computer system.

You are not required to hire a computer expert.

Electronic Information. We have the right to require independent electronic access to all of information maintained on your computer, including but not limited to records of the work that you perform, the invoices that you issue and any payments that you receive for the work that you perform. In addition, all electronic records must be made available to us for inspection, upon request.

Manual

TCFC provides to each Franchisee, on loan, one copy of the applicable COLORS ON PARADE® Confidential Operations Manual and (the "Manual"). The Table of Contents of the Manual is attached as Exhibit D to this franchise disclosure document. The Manual contains a total of 365 pages. The subjects covered by the Manual and number of pages devoted to each subject are shown in Exhibit D.

Start-Up Time

TCFC estimates that the typical length of time between the signing of a Franchise Agreement and the opening of a Franchise for business is approximately 45-90 days. Factors affecting these lengths of time include your completion of the required training, the availability of an Operating Unit and the necessary time to properly equip it, the time needed to procure all necessary licenses, permits and approvals, including approvals required by the state in which your Franchised Business will be operated, and the time needed to hire and train personnel, obtain required insurance, and otherwise implement the System. You must open the Franchised Business within 90 days from the signing of your Franchise Agreement.

Approval of Territory; Site Selection

TCFC must approve your Territory prior to the execution of the Franchise Agreement. No site selection assistance is provided to Franchisees, since Franchises operate with mobile Operating Units.

Training

Before your Franchised Business opens for business, you (if you are an individual, or one of your principals, if you are not an individual) must attend and successfully complete a Training Program for each Service that you are authorized and wish to offer. You must complete training within 30 days following the execution of the Franchise Agreement. You must pay for the travel and living expenses of all attendees. If, despite your best efforts, you fail to complete such training to our satisfaction, then, at our option, we may cancel the Franchise Agreement.

The Training Fees for paintless dent removal and interior repairs are $4,000 and $5,000, respectively. There is no Training Fee for paint repair and refinishing. You must also pay for your travel and living expenses while training.

You must pay for the travel and living expenses of all attendees. If, despite your best efforts, you fail to complete such training to our satisfaction, then, at our option, we may cancel this Agreement.

The following is a description of TCFC's training programs:

(a) Paint Repair and Refinishing Training Program. The Training Program for paint repair and refinishing includes technical training at TCFC's Training and Research Center in Conway, South Carolina and lasts up to 2 weeks. This course is offered as often as required, and you are assigned to a training course when you complete the application process.

(b) Paintless Dent Removal Training Program. The Training Program for paintless dent removal includes technical training in TCFC's Training and Research Center in Conway, South Carolina and in Roanoke, Virginia and lasts 2 weeks. This course is offered as often as required, and you are assigned to a training course when you complete the application process.

(c) Interior Repair Training Program. The Training Program for interior repair services includes technical training in Kailua, Hawaii and lasts at least one week. This course is offered as often as required, and you are assigned to a training course when you complete the application process.

Below are tables summarizing the subject matter, approximate number of hours and classroom training and on-the-job training and location of TCFC's Training Program.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Paint Repair and Refinishing, Operations, Marketing, Finance, Computer Training (Initial Training)	90	None	Conway, SC
Paintless Dent Removal, Operations, Marketing, Finance, Computer Training (Initial Training)	120	None	Conway, SC & Roanoke, VA
Interior Repair, Operations, Marketing, Finance, Computer Training (Initial Training)	80	None	Kailua, HI

Listed below is the instructor and a summary of his experience:

Lee Moody. Mr. Moody worked as an Operator Franchisee in the Colors on Parade® franchise system from 1998 until he became employed by TCFC in February 2007. Mr. Moody began as Technical Development Coordinator, but his duties have expanded to include training for all fieldwork, including paint and paintless dent repair. Mr. Moody has trained numerous Colors on Parade® technicians at the corporate office. He also provides phone support and local technical support as approved by us.

You must bring the laptop that you have purchased or leased for use in connection with the operation of the Franchised Business with you to the Training Program.

TCFC also offers refresher and additional training programs to Franchisees, sometimes on a regional basis. If attendance at any refresher or additional program is mandatory, there is no charge to attend. If attendance is optional, then TCFC may charge you a reasonable fee to attend. Training may also be provided at national or regional meetings. TCFC presently holds national or regional meetings at least annually.

Cooperatives. TCFC currently has no cooperatives and does not currently require cooperatives to be formed, changed, dissolved or merged.

Item 12

TERRITORY

You are granted the non-exclusive right to operate a Franchise within a defined territory (the "Territory"), which is described in Exhibit A to your Franchise Agreement. The Territory will be a geographic area with an estimated population of at least 100,000.

You may not solicit or accept any orders from consumers outside your Territory without our consent. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory.

You may be assigned certain accounts within the Territory by us or the Area Representative responsible for the Territory, if applicable. Once you have been assigned a specific account by us or an Area Representative, or you obtain a new account within the Territory on your own, you have the continuing right to service this account throughout the term of the Operator Franchise Agreement and any renewal. This provision does not apply to any national or regional account described in Section 5.2(i) of the Operator Franchise Agreement or any account identified by either us or the Area Representative in advance, in writing, as excluded from the application of the provision. Also, in the event that we or the Area Representative receive any complaint from an account which we determine, in our sole determination, to be significant enough to (i) jeopardize the continued servicing of the account by you, or (ii) adversely effect the goodwill associated with the Marks, we or the Area Representative may, with our approval, assign the account to be serviced by a different Franchisee. In the event that any such account is reassigned to another Franchisee, we or the Area Representative will make a good faith effort to identify, obtain and assign to you a replacement account of substantially similar, but not necessarily identical, expected value. However, neither we nor the Area Representative can guaranty that any replacement account will be found. With the consent of TCFC or the Area Representative, you may also provide Services to other accounts within the Territory that have not been assigned to other Franchisees.

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.

Unless otherwise agreed, in writing, you do not have the option, right of first refusal or similar rights to acquire additional franchises within the territory or contiguous territories.

At TCFC's request or with TCFC's prior written consent, you may use the System at accounts outside of your Territory for the purpose of assisting other Franchisees to service their accounts, however, no rights of first refusal or other rights are granted or extended. Similarly, other Franchisees may use the System in your Territory to service your accounts if, in TCFC's reasonable opinion, you are unable to appropriately service your accounts. In either case, prior written consent must be obtained from TCFC. You may not solicit or accept work outside of your Territory without TCFC's approval.

You do not have any minimum sales requirements.

You may relocate your business, with TCFC's approval, which will be granted so long as TCFC reasonably believes that the proposed new territory will support another Operator Franchisee and the Area Representative for the new territory, if any, agrees.

Reservation of Rights

TCFC reserves the right to operate, or to license others the right to operate, businesses under the System within retail shopping centers located within the boundaries of the Territory and TCFC intends to do so, if feasible. TCFC also reserves the right to develop other markets or use alternative distribution channels for the Services within the Territory, under TCFC's Marks or any other marks, including but not limited to Internet sales, or co-branding arrangements with body shops, automobile dealers and the like, or other vehicle surface restoration centers, which offer services similar to those offered by you, however, TCFC presently has no firm plan to do so. TCFC is not required to offer any new services or products that it may develop to you and you do not have any rights in the new products or services unless they are announced to be a part of the System, however, if TCFC includes such new products or services in the System, you must offer such products or services. TCFC is not required to pay you any compensation for soliciting or accepting work inside your Territory.

TCFC will not pay any compensation to you if it solicits or accepts orders in your Territory.

Neither TCFC or an affiliate operates or plans to operate or franchise businesses under a different trademark that will sell similar goods or services to the goods and services that you sell as an Operator Franchisee.

Item 13

TRADEMARKS

You operate your Franchised Business under TCFC's Marks. TCFC has the right to grant you a license to use the Marks pursuant to a license agreement with Total Car, Inc., its affiliate.

The COLORSONPARADE The Original Body Shop On Wheels® word marks with stylized designs were registered by TCFC on the Principal Register the United States Patent and Trademark Office ("PTO") on November 27, 2007 and January 29, 2008, under registration numbers 3,344,772 and 3,376,316. All required affidavits have been filed.

To our knowledge, there are no currently effective material determinations of the PTO, trademark trial and appeal board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation of TCFC's Marks or any pending material litigation involving TCFC's Marks.

There are no agreements in effect which significantly affect the rights of TCFC to use or license the use of the COLORS ON PARADE® marks.

You must immediately notify TCFC of any infringement of or challenge to your use of any of TCFC's Marks, whether listed herein or not, that comes to your attention. TCFC has the right to take any action that it deems appropriate, but the Franchise Agreements do not require TCFC to take any action. TCFC has the right to control any administrative proceeding or litigation related to TCFC's Marks. The Franchise Agreements do not require TCFC to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of TCFC's Marks, or if the proceeding is resolved unfavorably to you.

If TCFC decides that you should modify or discontinue using any of TCFC's Marks, or use one or more additional or substitute service marks or trademarks, you must comply with TCFC's directions, and TCFC's has no obligation to reimburse you for the cost of complying with TCFC's directions; provided, however, that if, within any five-year period, TCFC adopts a new primary mark for the System, on a System-wide basis, on more than one occasion, you will be responsible for the first $3,000 per Operating Unit of the aggregate costs and expenses you incur in implementing the new primary mark, and TCFC will reimburse you for any excess expenditures upon presentation of proof of all costs and expenses you have incurred, subject to the limitations listed below. The costs and expenses for which TCFC will reimburse you specifically exclude (1) any loss of good will, (2) sums spent on advertising or marketing (other than written advertising materials containing the Mark which becomes no longer usable), and (3) office sign expenditures to the extent they exceed $1,000 in the aggregate. In no event will TCFC's liability exceed $3,000 per Operating Unit, plus $1,000 for the office sign.

TCFC does not know of any superior prior rights or any infringing uses that could materially affect your use of any of TCFC's Marks in the state in which your Franchised Business will be located or operated.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patent is material to the Franchises.

TCFC has the right to grant you a license to use the System pursuant to a perpetual license agreement with Total Car, Inc., its affiliate.

TCFC owns copyrights for its Confidential Operating Standards Technical Manual, registration number, Vau-462-069, effective December 1, 1999; the Confidential Operating Standards Manual for Operator Franchisees, registration number Vau-462-071, effective December 1, 1999; and the Confidential Operating Standards Manual for Multi-Unit Franchisees, registration number Vau-462-070, effective December 1, 1999 (although TCFC no longer offers multi-unit franchises). TCFC also owns a copyright for its van layout and truck layout. Some of the above copyrights have been registered with the federal government.

TCFC's wholly-owned subsidiary, Total Car IP Holding Company, owns U.S. Patent No. 5,407,007, issued April 18, 1995, for a motorized canister awning; U.S. Patent No. 5,851,583, issued December 22, 1998, for a method of blending paint and spot blending; and U.S. Patent No 5,853,215 issued December 29, 1998, for a mobile spray booth workstation. These patents are presently used as part of the System, but TCFC has the right to modify the System in a manner that eliminates the use of any one or more of these patents.

To TCFC's knowledge, there are no currently effective material determinations regarding any of these patents, and there are no agreements which limit the use of any patent or patent application listed above.

TCFC has no obligation to protect any of the patents or patent applications listed above.

Prior to or during the term of your Franchise Agreement, TCFC or its affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how and other confidential information (collectively, "Confidential Information") relating to the management, operation or promotion of your Franchised Business. You may not, nor may you permit any person to, use or disclose any Confidential Information (including any portion of the Manual) to any other person, except to the extent necessary for your employees to perform their functions. You must take reasonable precautions necessary to protect all Confidential Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of the obligation to protect Confidential Information, and their related responsibilities and obligations. TCFC requires that you obtain Non-Disclosure and Non-Competition Agreements, pre-interview forms and acknowledgment of training forms in a form satisfactory to TCFC from each of your employees.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must personally operate and supervise the Franchised Business and devote your full time and best efforts to operating and supervising such operations, unless you have a fully trained full-time employee designated for that purpose who has been approved and authorized by TCFC to act in your stead. Except as stated below, TCFC does not make any recommendation as to whether you or a designated employee should operate and/or supervise your Franchised Business. You and any such designated employee must attend and satisfactorily complete the applicable Training Program before operating or supervising the Franchised Business, as applicable, and you and any such designated employee must attend and satisfactorily complete all additional training programs required by TCFC after your Franchised Business begins operations.

TCFC believes that a successful Franchised Business requires a substantial time commitment by you, particularly during the first years of operations. During this period, you must become thoroughly acquainted with your operations and build your clientele. You or your designated employee, if authorized in writing by TCFC to act in your stead, will need to work full-time on weekdays and several evenings per week, and you will need to spend some time working on weekends. You may not operate any business other than the Franchised Business and no related automobile products or services may be utilized in the Franchised Business without the prior written permission of TCFC.

TCFC requires that your designated employee, and other employees, sign a Non-Disclosure and Non-Competition Agreement, either in the form as described in Item 14 and as described in Sections 5.4(b) and 5.6 of each Franchise Agreement or under another form approved by TCFC. You are responsible for obtaining executed covenants from each of your employees and it is your responsibility to ensure that the form of covenants executed by your employees will be enforceable, to the maximum extent possible, under the laws of the state in which the Franchised Business is located or operated.

TCFC actively enforces the non-disclosure and non-competition agreements signed by your employees and contained in the Franchise Agreement. Although TCFC's litigation in this area is not the type of litigation required to be disclosed in Item 3 of this franchise disclosure document, TCFC will provide additional information about these cases upon your request. Any decision to enforce these agreements or covenants through litigation or otherwise will be made in the sole determination of TCFC.

If you are an entity, and not an individual, then we will require that the equity owners who control 51% of each class of your equities and any other equity owners who have executive or operational control over you execute a Personal Guaranty of your obligations to TCFC in the form attached to this franchise disclosure document as Exhibit H. In addition, all of your equity owners will be required to execute an Equity Owners Agreement in the form attached to this franchise disclosure document as Exhibit I, agreeing to be personally bound by certain covenants relating to non-disclosure, non-competition, limitations on assignments of equity interests and certain post-term obligations. Upon consummation of your purchase of your Franchise, you will be required to execute a Franchisee's Representation Acknowledgement in the form attached to this franchise disclosure document as Exhibit J.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and provide Core Services, which presently include exterior paint repair and refinishing, paintless dent removal, interior repair services, that have been authorized by TCFC and any Ancillary Services approved in writing by TCFC, after you have successfully completed the Training Program for such Services, purchased the required equipment and comply with the terms of your Franchise Agreement. You must offer at least one Core Service. You may also offer such other services and products as TCFC may, in the future, introduce into the System, in its sole discretion, and generally makes available to Franchisees. TCFC has the right to delete any services from the System, in its sole discretion, except for the Core Services.

Except as otherwise specified in Item 12, you may only offer and provide Services to customers located within your Territory specified in your Franchise Agreement and you may not solicit or provide services to a customer within your Territory whose account has been assigned to another Operator Franchisee.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
A. Length of the franchise term	Section 2.1	20 years
B. Renewal or extension of the term	Section 2.2	If you have complied with the Operator Franchise Agreement and meet other conditions, you can extend the term of your franchise for an additional 20 years.
C. Requirements for franchisee to renew or extend	Section 2.2	You must give notice, not be in default, sign then-current form of Operator Franchise Agreement which may contain materially different terms and conditions from the original contract, sign release and pay the renewal fee. The general release required as a condition of renewal shall not apply to any liability under the California Franchise Relations Disclosure Act.
D. Termination by franchisee	Section 6.4	Provided that you are in full compliance with all of the terms and conditions of the Franchise Agreement, and all of your obligations thereunder, you may terminate the Agreement in the event of a material default by us that we fail to cure.
E. Termination by franchisor without cause	Not applicable	Not Applicable
F. Termination by franchisor with cause	Section 6.2	If you default under the Operator Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
G. "Cause" defined – curable defaults	Section 6.1	You have 5 days from receipt of notice to cure a payment default with respect to a payment owed to TCFC or our affiliates or under any financing program sponsored by TCFC, 10 days from receipt on notice to cure a violation of health or safety laws, subject to certain limitations, and 60 days to cure any other default which is not listed in Section 6.1 as being non-curable.
H. "Cause" defined – non-curable defaults	Section 6.1	Your failure to make a payment owed to TCFC or our Affiliates within 5 days or other default after having been given notice of such default on at least 3 occasions during the last 12 months; you make a misrepresentation of material information furnished to TCFC or omit any material necessary to make your representations not misleading; you submit 2 financial statements or reports in any one-year period which understate any sums owed to TCFC or our Affiliate; you fail to successfully complete training within 3 months; you suspend operation of your Franchise for more than 7 days (other than for reasons of force majeure); you file for bankruptcy or similar debtor relief; you become bankrupt or insolvent; you transfer your interest or rights in violation of the Franchise Agreement; you are convicted of a felony or certain other crimes; you fail to cure a violation of any health or safety law within the applicable period permitted by law. The provision in the Franchise Agreement 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.).

Provision	Section in Franchise Agreement	Summary
I. Franchisee's obligations on termination/non-renewal	Section 7	Obligations include payment of amounts due; return of Confidential Information including certain chemicals and tints provided by TCFC or our Affiliate; complete de-identification; cease use of System; notify customers, if so requested; promote separate identity; sale of business assets to TCFC, if requested; and compliance with all restrictive covenants, including non-competition and non-solicitation covenants.
J. Assignment of contract by franchisor	Section 9.13	TCFC may assign its rights or obligations to any person or entity.
K. "Transfer" by franchisee – defined	Section 5.7(a)	Includes transfer of an interest in the Franchise Agreement, the license under that agreement, or substantially all of the assets of the Franchise, any account assigned to you as described in Section 4.1(d) of the Operator Franchise Agreement or a change in control of a Franchisee.
L. Franchisor approval of transfer by franchisee	Section 5.7(c)	TCFC has the right to approve all transfers, but will not unreasonably withhold approval if certain conditions are met.
M. Conditions for franchisor approval of transfer	Section 5.7(c)	All of your monetary obligations are satisfied; you are not in default; you sign a general release; you agree to non-competition provisions; transferee agrees to discharge all of your obligations; transferee qualifies, meets training requirements and signs then-current Operator Franchise Agreement; you remain liable for existing obligations; and all applicable fees are paid. The release required as a condition of transfer shall not apply to any liability under the California Franchise Relations Act.

Provision	Section in Franchise Agreement	Summary
N. Franchisor's right of first refusal to acquire franchisee's business	Section 5.7(c)	TCFC can match any offer for any interest in you, or in the license under your Franchise Agreement or substantially all of your assets relating to your Operator Franchise.
O. Franchisor's option to purchase franchisee's business	Section 7.7	Upon expiration or termination of your Franchise, TCFC may purchase your truck and other equipment, at depreciated book value, or if your truck is leased or rented, assume that lease or rental arrangement, or sublease, subject to the lessor's approval.
P. Death or disability of franchisee	Section 5.7(c)	Must meet transfer conditions described above, except if transfer is to your spouse or child, no administrative transfer fee is required and transfer not subject to right of first refusal.
Q. Non-competition covenants during the term of the franchise	Section 5.6(a)	Except as a Franchisee, no involvement in any business engaged in Core Services or Ancillary Services or that supplies goods and services to franchisees in competition with TCFC; non-solicitation of customers and employees of TCFC or other franchisees.
R. Non-competition covenants after the franchise is terminated or expires	Section 5.6(b)	No involvement in any business engaged in Core Services or Ancillary Services for 2 years after termination, non-solicitation of customers and employees of TCFC or other franchisees.
S. Modification of the agreement	Section 9.5	No modifications except when agreed to in writing, but TCFC may unilaterally change or add to types of Services you may offer or to TCFC's specifications, standards or policies, including those in the Manual.
T. Integration/merger clause	Section 9.2	Only the terms of the Franchise Agreement are binding. Any representations or promises outside this disclosure document or the Franchise Agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
U. Dispute resolution by arbitration or mediation	Section 8	Arbitration and Mediation under the auspices of the American Arbitration Association in California.
V. Choice of forum	Section 9.15	Arbitration under the auspices of the American Arbitration Association in California.
W. Choice of law	Section 9.15	Subject to the California Franchise Relations Act, South Carolina laws apply.

The provision in the franchise agreements that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

Item 18

PUBLIC FIGURES

TCFC does not use any public figure to promote its Franchises.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

These charts reflect the mean average annual gross revenues, sales and expenses for the fiscal year ended December 31, 2017, of certain Colors on Parade franchisees in the U.S. and should not be considered as the actual or probable results that will be realized by you or any other franchisee. We do not represent that any franchisee can expect to attain these results. A new franchisee's results are likely to differ from these results.

Chart 1

Average Annual Gross Revenue For 2017 Operator Franchisees	
Franchisees Operating More Than 3 Years	Franchisees Operating More Than 1 Year But Less Than 3 Years
$146,642.51	$101,041.44

As of December 31, 2017, there were 225 Colors On Parade operator franchisees operating in the U.S.

Of the 225 operator franchises, 16 operated for less than 12 months, 35 operated more than one year but less than 3 years and 174 operated more than 3 years.

The first column in Chart 1 reflects the mean average gross revenues for fiscal year 2017 reported by the 174 operator franchisees that operated for more than 3 years as of December 31, 2017. The second column reflects the mean average annual gross revenues for fiscal year 2017 reported by the 35 Colors On Parade operator franchisees that operated for more than one year but less than 3 years as of December 31, 2017. The statement is based on monthly sales reports submitted by Colors On Parade operator franchisees for the purpose of computing royalty fees. These reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of this chart.

The following chart breaks down into ranges of gross revenues the information on which Chart 1 is based.

Chart 2

Annual Gross Revenues	Franchises Operating More Than 3 Years		Franchises Operating 1 to 3 Years	
	Number	Percentage	Number	Percentage
$0 - $100,000	68	39%	20	57%
$100,001 – $200,000	69	40%	14	40%
$200,001 - $300,000	22	13%	1	3%
$300,001 - $500,000	12	6%	0	0%
> $500,000	3	2%	0	0%

Exhibit F to this franchise disclosure document is a list of the names and addresses of the operator franchisees from which Colors on Parade compiled these figures (area developer franchisees are designated by an asterisk). All of these franchises are substantially similar to the franchises we offer in that (1) all franchises offer essentially the same services and products as described in Item 1 of this Disclosure Document, and (2) all franchises are mobile units. Colors On Parade makes available the same support to all franchises.

Written substantiation of the data used in preparing Charts 1 and 2 will be made available to you on reasonable request, provided that we will not disclose data that identifies specific franchisees.

Chart 3

AVERAGE SALES AND EXPENSE INFORMATION
FOR OPERATOR FRANCHISEES REPORTING FOR CALENDAR YEAR 2016
(see Note 1)

Gross Sales (see Note 1)	Gross Margin % (see Note 2)	Employee Wages % (see Note 3)	Van Expense %	Insurance	Fuel Cost	Other Expenses (see Note 4)
Less than $100,000	90%	11.1%	3.2%	3%	5.3%	4.2%
Between $100,000 & $200,000	90%	12.4%	2.7%	2.1%	3%	3.4%
Greater than $200,000	90%	14%	3%	1.6%	2.2%	2.9%

Note 1: We obtained the information listed in Chart 3 from our own records based on information reported by our operator franchisees on Profit and Loss statements in the ordinary course of business. The reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy. Not all franchisees supplied us with their profit and loss statements. In fact, only 39 Colors on Parade's operator franchisees, representing less than 20% of Colors on Parade's operator franchisees, provided this information to us. The profit and loss forms used by the franchisees were not uniform, and the method of calculating their expenses varied. We only used the profit and loss statements that we reasonably believed conformed to our preparation standards and requirements. If the information on the profit and loss statements indicated that a category of expenses was missing or we had reason to believe that a type of expense had been miscategorized, we did not use that statement in the calculation of the information in the above chart. Accordingly, we only used the information provided by 36 operator franchisees to prepare this chart.

Sales and expenses vary for Colors on Parade operator franchises depending on many factors, including local and regional variation in fuel cost, financing terms which the franchisee was able to obtain, location and regional variation in telephone rates, insurance rates, local and state taxes and wage rates, cost of paints and supplies used, services offered and the efficiency and managerial skill of the franchisee, local economic factors, the density of vehicle ownership, the number of other automotive after-market outlets in a particular market area and the proximity of such competition to the Colors on Parade franchise, length of time the franchise has been in operation and the length of time operating at its current location, type of area and whether the franchise is managed by the owner or an employee manager.

Note 2: "Gross Margin" means sales less cost of product used.

Note 3: Employee wages vary for Colors on Parade franchises depending on many factors including local and regional variation in wage rates and degree of skilled labor employed and availability of such labor. The percentages listed do not include any salary or wages received by the owner of the franchise.

Note 4: "Other expenses" includes charges and expenses for cell phone service, vehicle and equipment maintenance, uniforms, office supplies, and other miscellaneous costs. This list of expenses is not all inclusive and Colors on Parade franchisees will incur additional expenses in the operation of their Colors on Parade franchises, including, for example, interest payments, royalty fees, and the salary or draw of the owner of the franchise. Also, not all franchises incurred all the expenses listed.

Written substantiation of the data used in preparing Chart 3 will be made available to you on reasonable request, provided that we will not disclose data that identifies specific franchisees.

Chart 4

Average Annual Gross Revenue For 2017 Area Developer Franchisees	
Area Developers Franchisees Operating More Than 3 Years	Area Developer Franchisees Operating More Than 1 Year But Less Than 3 Years
$587,893.23	$0

As of December 31, 2017, there were 49 Colors on Parade area developer franchisees operating in the U.S.

Of the 49 operating area developer franchisees, 1 reported sales for less than 12 months, 0 operated more than one year but less than 3 years and 48 operated more than 3 years.

The first column in Chart 4 reflects the mean average gross revenues for fiscal year 2017 reported by the 49 area developer franchisees that operated for more than 3 years as of December 31, 2017. The second column reflects the mean average gross revenues for fiscal year 2017 reported by the area developer franchisees that operated for more than one year but less than 3 years as of December 31, 2017. The information in Chart 4 is based on monthly sales reports submitted by area developer franchisees for the purpose of computing royalty fees. These reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of the chart.

The following chart breaks down into ranges of gross revenues the information on which Chart 4 is based.

Chart 5

Annual Gross Revenues	Area Developer Franchisees Operating More Than 3 Years		Area Developer Franchisees Operating 1 to 3 Years	
	Number	Percentage	Number	Percentage
$0 - $100,000	4	8.5%	0	0%
$100,001 – $200,000	5	10.4%	0	0%
$200,001 - $300,000	5	10.4%	0	0%
$300,001 - $400,000	5	10.4%	0	0%
$400,001 - $500,000	5	10.4%	0	0%
$500,001 - $600,000	6	12.5%	0	0%
$600,001 - $700,000	2	4%	0	0%
$700,001 - $800,000	5	10.4%	0	0%
$800,001 - $900,000	1	2%	0	0%
$900,001 - $1,000,000	4	8.5%	0	0%
> $1,000,000	6	12.5%	0	0%

Exhibit F to this document is a list of the names and addresses of the area developer franchisees from which Colors on Parade compiled these figures (area developer franchisees are designated by an asterisk). All of these franchises are substantially similar to the franchises Colors on Parade offers in that (1) all franchises offer essentially the same services and products as described in Item 1 of this Disclosure

Document, and (2) all franchises are mobile units. Colors On Parade makes available the same support to all franchises.

We obtained the expense and sales information listed in Chart 5 from profit and loss statements for the year 2016 submitted to us by our area developer franchisees in the ordinary course of business. Most of the reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy. Not all area developer franchisees supplied us with their profit and loss statements. In fact, only 24 area developer franchisees, representing less than 50% of Colors on Parade's area developer franchisees, provided this information to us.

Sales and expenses vary for Colors on Parade area developer franchises depending on many factors, including local and regional variation in fuel cost, financing terms which the franchisee was able to obtain, location and regional variation in telephone rates, insurance rates, local and state taxes and wage rates, cost of paints and supplies used, services offered and the efficiency and managerial skill of the franchisee, local economic factors, the density of vehicle ownership, the number of other automotive after-market outlets in a particular market area and the proximity of such competition to the Colors on Parade area developer franchise, length of time the franchise has been in operation and the length of time operating at its current location, type of area and whether the area developer franchise is managed by the owner or an employee manager.

Written substantiation of the data used in preparing Charts 4 and 5 will be made available to you on reasonable request, provided we that will not disclose data that identifies specific franchisees.

Chart 6

AVERAGE SALES AND EXPENSE INFORMATION
FOR AREA DEVELOPER FRANCHISEES REPORTING FOR CALENDAR YEAR 2017
(See Note 1)

Gross Sales (see Note 1)	Less Payment to Operator Franchisee(s) (see Note 2)	Gross Margin (see Note 3)	Insurance	Billing & Collections	Other Expenses (see Note 4)
Between \$90,000 & \$200,000	70%	30%	3.1%	1.9%	5.3%
Between \$400,000 & \$700,000	70%	30%	1.6%	1.9%	2.8%
Greater than \$1,000,000	70%	30%	0.9%	1.8%	1.3%

Note 1: Colors on Parade obtained the information listed from our own records based on information reported by our area developer franchisees on profit and loss statements in the ordinary course of business. The reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy. Not all area developer franchisees supplied Colors on Parade with their profit and

loss statements. In fact, only 24 Colors on Parade area developer franchisees, representing less than 50% of Colors on Parade's area developer franchisees, provided this information to Colors on Parade. The profit and loss forms used by the franchisees were not uniform, and the method of calculating their expenses varied. We only used the profit and loss statements that we reasonably believed conformed to our preparation standards and requirements. If the information on the profit and loss statements indicated that a category of expenses was missing or we had reason to believe that a type of expense had been miscategorized, we did not use that statement in the calculation of the information in the above chart. Accordingly, we only used the information provided by 39 area developer franchisees to prepare this chart.

Sales and expenses vary for Colors on Parade area developer franchisees depending on many factors, including local and regional variation in fuel cost, financing terms which the franchisee was able to obtain, location and regional variation in telephone rates, insurance rates, local and state taxes and wage rates, cost of paints and supplies used, services offered and the efficiency and managerial skill of the franchisee, local economic factors, the density of vehicle ownership, the number of other automotive after-market outlets in a particular market area and the proximity of such competition to the Colors on Parade area developer franchise, length of time the franchise has been in operation and the length of time operating at its current location, type of area and whether the area developer franchise is managed by the owner or an employee manager.

Note 2: "Less payment to operator franchisee(s)" is amount of gross sales paid to operator franchisee(s) per contract.

Note 3: "Gross Margin" means sales less payment to operator franchisees.

Note 4: "Other expenses" includes charges and expenses for fuel, vehicle maintenance, cell phone, office phone and fax, office supplies, business meeting expense, co-op advertising, local advertising, licenses and fees, business taxes and other miscellaneous costs. This list of expenses is not all inclusive and Colors on Parade franchisees will incur additional expenses in the operation of their Colors on Parade Area Developer franchises, including, for example, interest payments, royalty fees, and the salary or draw of the owner of the franchise. Also, not all franchises incurred all the expenses listed.

Written substantiation of the data used in preparing Chart 6 will be made available to you on reasonable request, provided we that will not disclose data that identifies specific franchisees.

Item 20

LIST OF OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

System-wide Outlet Summary
For years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	218	236	+18
	2016	236	229	-7
	2017	229	225	-4
Company-Owned	2015	10	10	0
	2016	10	11	+1
	2017	11	12	+1
Total Outlets	2015	228	246	+18
	2016	246	240	-6
	2017	240	237	-3

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2015 to 2017

State	Year	Number of Transfers
All States	2015	0
	2016	0
	2017	1
TOTALS	2015	0
	2016	0
	2017	1

Notes:

1. If multiple events occurred in the process of transferring ownership of an outlet, the above table includes only the event that occurred last in time.
2. If a single outlet changed ownership two or more times during the same fiscal year, the types of changes involved and the order in which the changes occurred will be described by footnote.
3. For purposes of the above table, "transfer" means the acquisition of a controlling interest in a franchised outlet, during its terms, by a person other than the franchisor or an affiliate.

TABLE NO. 3

Status of Franchise Outlets
For years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Ceased Operations for Other Reasons	Outlets at End of Year
Alabama	2015	12	0	0	1	0	11
	2016	11	1	0	3	1	8
	2017	8	2	0	0	0	10
Arizona	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	1	0	0
Arkansas	2015	9	1	0	0	0	10
	2016	10	2	0	1	3	8
	2017	8	3	0	0	0	11
California	2015	25	3	0	0	0	28
	2016	28	0	0	0	0	28
	2017	28	1	0	3	0	26
Colorado	2015	10	3	0	0	0	13
	2016	13	2	0	2	0	13
	2017	13	1	0	2	0	12
Connecticut	2015	3	0	0	1	0	2
	2016	2	1	0	0	0	3
	2017	3	0	0	0	0	3
Delaware	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Florida	2015	30	3	0	0	0	33
	2016	33	7	0	6	4	30
	2017	30	1	0	1	0	30

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Ceased Operations for Other Reasons	Outlets at End of Year
Georgia	2015	4	0	0	1	0	3
	2016	3	0	0	0	0	3
	2017	3	0	0	0	0	3
Hawaii	2015	4	0	0	0	0	4
	2016	4	0	0	0	0	4
	2017	4	0	0	0	0	4
Illinois	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Kentucky	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Louisiana	2015	2	1	0	0	0	3
	2016	3	1	0	0	0	4
	2017	4	0	0	0	0	4
Maryland	2015	6	0	0	1	0	5
	2016	5	0	0	1	0	4
	2017	4	0	0	0	0	4
Michigan	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
	2017	3	0	0	0	0	3
New Jersey	2015	2	0	0	1	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	1	0	0
New Mexico	2015	5	1	0	0	1	5
	2016	5	1	0	1	0	5
	2017	5	2	0	0	0	7
New York	2015	12	2	0	0	0	14
	2016	14	0	0	0	0	14
	2017	14	0	0	0	0	14

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Ceased Operations for Other Reasons	Outlets at End of Year
North Carolina	2015	5	2	0	0	0	7
	2016	7	0	0	1	0	6
	2017	6	0	0	0	0	6
Oklahoma	2015	2	2	0	0	0	4
	2016	4	2	0	2	0	4
	2017	4	2	0	0	0	6
Pennsylvania	2015	4	1	0	0	0	5
	2016	5	1	0	0	0	6
	2017	6	0	0	0	0	6
South Carolina	2015	17	5	0	0	0	22
	2016	22	3	0	2	0	23
	2017	23	0	0	2	0	21
Tennessee	2015	10	1	0	0	0	11
	2016	11	0	0	1	0	10
	2017	10	2	0	0	0	12
Texas	2015	33	0	0	2	0	31
	2016	31	0	0	0	0	31
	2017	31	1	0	7	0	25
Utah	2015	0	1	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	1	0	0
Virginia	2015	17	1	0	1	0	17
	2016	17	1	0	1	0	17
	2017	17	1	0	1	1	16
TOTALS	2015	218	27	0	8	1	236
	2016	236	22	0	21	8	229
	2017	229	16	0	19	1	225

Notes:

1. The above table includes both new outlets and existing company-owned outlets that a franchisee purchased from the franchisor.
2. The number of existing company-owned outlets sold to a franchisee is also included in Column 7 of Table No. 4 and the number of franchised outlets reacquired by the franchisor is also included in Column 5 of Table No. 4.
3. For purposes of the above table, "termination" means the franchisor's termination of a franchise agreement prior to the end of its term and without providing any consideration to the franchisee (whether by payment or forgiveness assumption of debt); "non-renewal" occurs when the franchise agreement for a franchised outlet is not renewed at the end of the term; and a "reacquisition" means the franchisor's acquisition for consideration (whether by payment or forgiveness assumption of debt) of a franchised outlet during its term.
4. Column 8 of the above table includes the total number of outlets in each state not operating as one of the franchisor's outlets at the end of each fiscal year for reasons other than termination, non-renewal, or reacquisition by the franchisor.

TABLE NO. 4

Status of Company-Owned Outlets
For years 2015 to 2017

State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired from Franchisees**	**Outlets Closed**	**Outlets sold to Franchisees**	**Outlets at End of Year**
California	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Colorado	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Connecticut	2015	0	1	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Delaware	2015	0	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Georgia	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets sold to Franchisees	Outlets at End of Year
New Jersey	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
North Carolina	2015	1	1	0	0	0	2
	2016	2	0	0	0	0	2
	2017	2	0	0	0	0	2
South Carolina	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Tennessee	2015	1	0	0	0	0	1
	2016	1	1	0	0	0	2
	2017	2	0	0	0	0	2
Maryland	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Pennsylvania	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Totals	2015	10	2	0	0	2	10
	2016	10	1	0	0	0	11
	2017	11	1	0	0	0	12

TABLE NO. 5

Projected New Franchise Outlets
As of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Fiscal Year 2018	Projected New Company-Owned Outlets in the Next Fiscal Year 2018
California	0	4	4
Colorado	0	0	0
Florida	1	2	3
Georgia	0	0	0
Illinois	0	0	0
Maryland	0	0	0
Nevada	0	0	0
New Jersey	0	0	0
North Carolina	0	0	0
Ohio	0	0	0
South Carolina	0	0	0
Texas	0	0	0
Virginia	0	0	0
Other States	0	7	7
Totals	1	13	14

A list of our current Franchisees (as of December 31, 2017) is attached to this Disclosure Document as Exhibit F (area developer franchisees are designated by an asterisk). A list of the name and last known home address and telephone number of every Franchisee who has had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of our application date is attached to this Disclosure Document as Exhibit G.

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

TCFC sponsors the Colors on Parade Franchise Advisory Council ("COPFAC"), whose members consist of our franchisees.

During the last three years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. Prospective franchisees should be aware that, if they do purchase a franchise, their contact information may be disclosed in future Franchise Disclosure Documents.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit G to this franchise disclosure document are our audited financial statements for fiscal years ended December 31, 2017, 2016 and 201.

Item 22

CONTRACTS

The following contracts are attached:

Exhibit	Document
C	Operator Franchise Agreement
J	Addendum to Franchise Agreement
H	Release

Item 23

RECEIPTS

Attached to this Disclosure Document as Exhibit K are receipts acknowledging your receipt of this document.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

California
Commissioner
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7500

Hawaii
Securities Examiner
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Franchise Examiner
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62703
(217) 782-4465

Indiana
Securities Commissioner
Office of the Indiana Securities Commissioner
302 West Washington Street
Room E-11
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Oregon
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Michigan
Franchise Administrator
Michigan Department of the Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-1140

Minnesota
Franchise Examiner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-4026

Nebraska
Securities Analyst
Department of Banking & Finance
Bureau of Securities
1200 N Street, The Atrium, Suite 311
Lincoln, Nebraska 68508
(402) 471-3445

New York
Franchise Examiner
Office of the Attorney General
Investment Protection Bureau
120 Broadway
New York, New York 10271
(212) 416-8000

North Dakota
Franchise Examiner
Office of the Securities Commissioner
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

Virginia
Chief Examiner
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Rhode Island
Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 277-3048

South Dakota
Department of Revenue and Regulation
Division of Securities
445 E Capitol
Pierre, South Dakota 57501-3185
(605) 773-4013

Texas
Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

Utah
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

Washington
Administrator
Department of Financial Institutions
Securities Division
210 11th Avenue, SW, Room 300
Olympia, Washington 98504
(360) 902-8760

Wisconsin
Franchise Administrator
Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

California Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500	**Minnesota** Commissioner Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198
Florida NRAI Services, Inc. 526 E. Park Avenue Tallahassee, Florida 32301	**New Jersey** National Registered Agents, Inc. 51 Everett Drive, Suite 107B P.O. Box 927 West Windsor, New Jersey 08550-0927
Georgia Amy Alcoke Quackenboss Hunton & Williams LLP 600 Peachtree Street, N.E. Atlanta, Georgia 30308-2216	**New York** Secretary of State 162 Washington Avenue Albany, New York 12231
Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	**North Dakota** Office of the Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, North Dakota 58505
Illinois Office of the Attorney General 500 South Second Street Springfield, Illinois 62706	**South Carolina** Robert S. Lowery 125 Daytona Street Conway, South Carolina 29526
Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204	**South Dakota** Department of Revenue and Regulation Division of Securities 445 E Capitol Pierre, South Dakota 57501-3185
Maryland Maryland Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020	**Virginia** Clerk of the State Corporation Commission 1300 E. Main Street Richmond, Virginia 23219
Michigan CSC - Lawyers Incorporating Service Company 601 Abbott Street East Lansing, Michigan 48823	**Washington** Department of Financial Institutions Securities Division 210 11th Avenue, SW, 3rd Floor West Olympia, Washington 98504

EXHIBIT C

OPERATOR FRANCHISE AGREEMENT

COLORSONPARADE™
THE ORIGINAL BODYSHOP ON WHEELS

OPERATOR FRANCHISE AGREEMENT

BETWEEN

COLORS ON PARADE FRANCHISING CORPORATION

AND

____

EFFECTIVE DATE: ___, 2018

COLORS ON PARADE

OPERATOR FRANCHISE AGREEMENT

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Page

COLORS ON PARADE

OPERATOR FRANCHISE AGREEMENT

THIS OPERATOR FRANCHISE AGREEMENT is made, as of the date set forth in Exhibit A attached hereto (the "*Effective Date*"), by and between **TOTAL CAR FRANCHISING CORPORATION** (hereinafter referred to as "*we*" or "*us*"), a South Carolina corporation with its principal place of business located at 125 Daytona Street, Conway, SC 29526, and the party listed on Exhibit A as the Operator Franchisee (hereinafter referred to as "*you*"), whose address is set forth on Exhibit A.

RECITALS

We have acquired the rights to and/or developed, and have refined, technology (the "*Technology*") and have developed expertise with respect to providing automotive reconditioning and/or restoration services, including without limitation paintless dent removal, interior repairs, glass repair, wheel repair and headlight restoration and other automotive reconditioning and/or restoration services, ("*Services*") and/or managing the provision of such services by third parties under the Colors on Parade® trademark and service marks (the "*Marks*").

We have also developed a system for marketing the Services. This marketing system, together with the Services, the Technology, the Marks, and such other marks, trade dress and other intellectual property, know-how and confidential information as may now be or hereafter become part of the system (which are referred to hereinafter collectively as the "*System*").

You have advised us that you wish to obtain a license ("*Franchise*") to act as a Colors on Parade® operator franchisee and provide Services as a Colors On Parade franchisee upon the terms and conditions set forth herein.

NOW, THEREFORE, intending to be legally bound hereby, we and you hereby agree as follows:

1. **GRANT OF LICENSE**. We hereby grant you a non-exclusive license to use the System to provide and/or manage the provision of Services (the "*Franchise*") in the territory described in Exhibit A and/or any other area where we permit you to provide Services (the "*Territory*") as a Colors on Parade® Operator Franchisee (the "*Franchised Business*" or "*Business*"), upon the terms and conditions set forth herein. You have the right to provide the Services to those accounts within the Territory that are assigned to you by us or by the Colors on Parade® area developer franchisee for your Territory (the "*Area Developer*"). With our written consent or the written consent of the Area Developer, you may also provide Services to other accounts within the Territory that are independently developed by you and approved by us and that have not been assigned to other Operator Franchisees. In addition, with our written consent or at our request, you may use the System to service other accounts or in areas outside the Territory for the purpose of assisting other Colors on Parade® franchisees to service their customers. Similarly, other Colors on Parade® franchisees may use the System in your Territory and service accounts you have previously serviced if we or the Area Developer, with our approval, determine it necessary or advisable. No rights of first refusal or other rights are granted to you herein or extended to you by virtue of the Franchise.

2. TERM; RENEWAL

2.1 Term. The term of this Agreement shall commence on the Effective Date and terminate on the twentieth (20th) anniversary of the Effective Date (the "*Initial Term*").

2.2 Renewal. You may, at your option, renew the Franchise for one (1) additional twenty (20) year term, however, in order to do so, you must:

(a) notify us in writing, not less than 90 nor more than 180 days prior to the expiration of the Initial Term, of your desire to renew;

(b) not permit any Event of Default (as hereinafter defined) or any event which, with the giving of notice and/or the passage of time, would constitute an Event of Default to exist either at the time you give your notice on intent to renew or at the date of expiration of the Initial Term of this Agreement;

(c) execute our then-current form of Operator Franchise Agreement, which may have terms and conditions materially different from those contained in this Agreement;

(d) pay us a renewal fee equal to 50% of the then-current Initial Franchise Fee that we charge to Operator Franchisees at the time of renewal and the Initial Franchise Fee paid hereunder, but in no event less than $2,500.00; and

(e) execute a general release in our favor, unless prohibited by applicable state law.

3. FEES

3.1 Initial Franchise Fee/Renewal Fee. Unless you are executing this Agreement to renew an existing franchise agreement, you must pay us an initial franchise fee of $5,000.00 (the "*Initial Franchise Fee*") when you sign this Agreement. If you are executing this Agreement to renew an existing franchise agreement, you must pay us a renewal fee in the amount set forth on Exhibit A (the "*Renewal Fee*") when you sign this Agreement. The Initial Franchise Fee or Renewal Fee is not refundable.

3.2 Royalty

(a) Subject to the provisions of Section 3.6 and the Performance Incentive Program described in Section 4.4, if applicable, you must also pay us a continuing monthly royalty equal to thirty percent (30%) of your Gross Sales (the "*Royalty*"). "*Gross Sales*" includes any and all revenues from Services provided by you and/or your employees and/or from managing the provision of any such services by a third party. Gross Sales does not include (i) promotional allowances or rebates paid to you when you purchase products or supplies, or (ii) sales or use taxes, measured on the basis of your Gross Sales, imposed by governmental authorities, if such taxes are added to your selling price for your services and are in fact paid. Refunds to customers shall be deducted from Gross Sales only to the extent such amounts have previously been included in Gross Sales and Royalties paid thereon. Gross Sales shall be calculated monthly on all services provided as of the last day of each calendar month and you must provide us or the Billing and Collections Agent with written reports of your Gross Sales for each month by the tenth (10^{th}) day of the next following month in order to enable us or the Billing and Collections Agent to invoice for your Gross Sales. No portion of the Royalty described in this Section 3.2 shall be attributable to any specific patent or copyright as distinct from the System and that your obligation to pay the Royalty described herein shall not be predicated or conditioned upon the validity of any patent or copyright claimed by us and used in the System. In the event that a court of competent jurisdiction determines that apportionment of the Royalty is necessary or appropriate, any patent or copyright license granted to you hereunder shall be deemed to be royalty free and made in the consideration of your proper use of the Marks and System.

(b) Notwithstanding anything contained in the foregoing Section 3.2(a), we shall invoice and collect or, as provided in Section 4.3, appoint an agent (the "*Billing and Collections Agent*") to invoice and collect, your Gross Sales from your customers. We or the Billing and Collections Agent will pay you seventy percent (70%) of the collected Gross Sales not later than the 20th day following the date on which such Gross Sales are collected and the balance shall be retained by us and the Area Developer or paid to us and the Area Developer by the Billing and Collections Agent in payment of the Royalties payable by you pursuant to Section 3.2(a). If your customers do not make timely payment, we or the Billing and Collections Agent shall use reasonable efforts to collect the same from your customers. We or the Billing and Collections Agent may also retain third parties to attempt to collect sums owed by your customers, in which event we shall be entitled to deduct the costs and expenses paid to such third parties from the amount of the Gross Sales payable to you.

3.3 **Training Fees.** Unless you are executing this Agreement to renew an existing franchise agreement and have already completed the Training Program described in section 4.1(b), you must pay us the following training fee (the "*Training Fee*") for each Service that you wish to provide:

Paint restoration - $0
Paintless dent removal - $4,000
Interior repair - $5,000

Training Fees are payable at least thirty (30) days prior to the first day of the Training Program. Training Fees are not refundable.

3.4 **Equipment Set-up Fee**. Unless you are executing this Agreement to renew an existing franchise agreement and/or are obtaining the equipment necessary to begin to operate the Franchised Business from a third party, you must pay us the Equipment Set-up Fee stated in Exhibit A for a start-up package that includes certain of the equipment that you will need. The Equipment Set-up Fee is payable at least thirty (30) days prior to the first day of the Training Program and is not refundable.

3.5 **Late Fee and Interest.** If you do not pay any amounts due to us promptly when due, you must also pay us a late fee of $100.00 plus interest on the overdue amount at the rate of ten percent (10%) per annum on the overdue amount or at the maximum rate permitted by law from the date due until paid.

3.6 **On-going Training and Assistance Fee**. If, in our sole discretion, we appoint another franchisee (the "*Assisting Franchisee*") to provide you with on-going training and/or assistance, you must pay the Assisting Franchisee a continuing monthly fee (the "*On-going Training and Assistance Fee*") equal to up to five percent (5%) of your Gross Sales and, if we do so, the Royalty payable to you pursuant to Section 3.2(a) above will be reduced by the amount of the On-going Training and Assistance Fee actually paid to the Assisting Franchisee.

4. OUR OBLIGATIONS TO YOU

4.1 **Initial Obligations.** Unless you are executing this Agreement to renew an existing franchise, prior to the commencement of the Franchised Business, we will do the following:

(a) **Confidential Operating Standards Manual.** We will provide to you, on loan, one copy of our Confidential Operating Standards Manual or make a copy of the Manual available to you (which, as revised by us from time to time, is referred to hereafter as the "*Manual*"). You may not copy the Manual or disclose its contents to any person other than your employees, who must first sign an agreement, satisfactory to us in form and substance, to keep the Manual's contents confidential and not use its contents except in performing their duties as your employee, and to abide by certain non-competition and non-solicitation restrictions. The Manual shall remain our property at all times and must be returned to us upon request. We reserve the right to amend the Manual from time to time in our sole discretion. Amendments shall become effective upon your receipt or on the date specified by us. For purposes of this Agreement, the term "Manual" also includes any and all other confidential information, directives, specifications and procedures furnished to you by us, whether or not physically incorporated into the Manual itself. The provisions of the Manual may not alter the fundamental rights granted to you in this Agreement and, if the provisions of this Agreement and the Manual are in direct conflict with respect to any of the fundamental rights granted to you in this Agreement, the provisions of this Agreement shall control. If you fail to return the Manual to us, upon the termination or expiration of this Agreement, you must pay us $10,000, in addition to any other rights or remedies that we may have for the improper use or disclosure of the Manual.

(b) **Training.** We will provide you with the training that we believe necessary for you to provide each Service that you initially wish to provide and to begin to operate the Franchised Business (the "*Training Program*"). The Training Program will be provided in or about Myrtle Beach, SC (paint repair and refinishing), Myrtle Beach, SC and Wilmington, NC (paintless dent removal) and Kailua, Hawaii (interior repairs), or at such other location(s) as we may designate. You will be responsible for all travel, meals and lodging expenses incurred in connection with your attendance at this and any other training program or courses. You may not offer any Service until you have been authorized by us to do so, acquired all necessary equipment with respect to such Service and completed the Training Program for such Service to our satisfaction. The Training Fees are set forth in Section 3.3. We may charge an additional reasonable training fee for on-going training with respect to the Services and/or any additional Service(s) you want and that we authorize you to provide.

(c) **Equipment**. Unless you are executing this Agreement to renew an existing franchise agreement and/or are obtaining the equipment necessary to begin to operate the Franchised Business a from a third party, we will provide you with a start-up package, which includes certain of the equipment that you will need to begin to operate the Franchised Business (the "*Set-up Package*"). In addition, we will furnish you with our standard specifications for the white pickup truck or trailer that you will require to operate the Franchised Business (the "*Vehicle*") and a list of suppliers of the equipment, tools, products and supplies that you will need to operate the Franchised Business after start-up and to provide Services. You may purchase such equipment, tools, products and supplies only from these approved suppliers and you may not, under any circumstances, purchase products from any company or person that has attempted to "knock off" or otherwise analyze for replication of any of our products, including but not limited to all products patented or patent pending and all products that are sold with the Colors on Parade® trademark or trade name, unless specifically authorized by us in writing. You may purchase your Vehicle(s) from any source, so long as the Vehicle(s) meet our standard specifications and will permit you to provide the Services. You may, at your option, upgrade the specifications of your Vehicle(s). We or the Area Developer or another Colors on Parade area developer franchisee that we designate must inspect each fully-equipped Vehicle ("*Operating Unit*") to be used in connection with the operation of the Franchised Business in order to confirm that it meets or exceeds our standards and specifications, as set forth in the Manual, and you may not use an Operating Unit in connection with the operation the Franchised Business unless and until it has been inspected and certified by us or the area developer. You must also purchase your proprietary mobile lab with the assigned paint related products from or through us.

(d) Accounts. Once you have developed or been assigned a specific account by us or the Area Developer in the Territory, you will have the right to service such account during the term of this Agreement or any renewal; provided, however, that (a) this provision shall not apply to any national or regional account disclosed in Section 5.2(h) or any account identified by us or the Area Developer in advance, in writing, as excluded from the application of this provision; and (b) in the event that we or the Area Developer receive any complaint from such account that we or the Area Developer determine to be significant enough to (i) jeopardize the continued servicing of such account by you or any other business operating under the System, or (ii) adversely affect the goodwill associated with our company or the Marks, as defined in Section 5.4, or an account asks us or the Area Developer to assign such account to another franchisee, we or the Area Developer, with our approval, may do so.

4.2 **Ongoing Obligations.** After you commence operation of the Franchised Business, we will provide you, as we deem appropriate, with the following:

(a) At least one national or regional meeting per year. We have the right to charge you a fee to attend such meetings. Such meetings are currently provided at a fee to cover our expenses.

(b) Training in new Services technology, if any, included in the System and, upon your request, other operational advice. If such additional training is mandatory, we will provide such training free of charge. If not, you may be required to reimburse us for our costs and expenses.

(c) Marketing advice and suggestions.

(d) Periodic on-site assistance by one of our employees or agents, the Area Developer or another area developer franchisee.

(e) Other assistance or advice by means of newsletter, telephone or other form of electronic communication.

(f) Research and development.

(g) Billing and Collections Services.

4.3 **Delegation of Duties.** We may delegate some or all of our duties to you under this Agreement to the Area Developer or another franchisee, however, we shall retain the primary responsibility for performing the delegated obligations to you under this Agreement. Without limiting the foregoing, we may, as provided above, delegate the obligation to invoice and collect your Gross Sales to a Billing and Collections Agent (who may be the Area Developer).

4.4 **Performance Incentive Program.** Provided you are in full compliance with all of the provisions of this Agreement and the Manual, if you are not eligible for any other Royalty reduction or rebate from us or the area developer for the Territory, you will receive a performance incentive ("*Performance Incentive*") for each month that your Gross Sales exceed the benchmarks set forth below.

Under the Performance Incentive Program (if applicable):

(1) If your Gross Sales for the month are $10,000 or more (but less than $15,000), you will receive a Performance Incentive in an amount equal to 3% of your Gross Sales for the month;

(2) If your Gross Sales for the month are $15,000 or more (but less than $20,000), you will receive a Performance Incentive in an amount equal to 5% of your Gross Sales for the month;

(3) If your Gross Sales for the month are $20,000 or more (but less than $30,000), you will receive a Performance Incentive in an amount equal to 7% of your Gross Sales for the month; and

(4) If your Gross Sales for the month are $30,000 or more, you will receive a Performance Incentive in an amount equal to 10% of your Gross Sales for the month.

Any Performance Incentives earned by you hereunder will be remitted to you within 30 days following the end of the month during which the Performance Incentive was earned.

5. YOUR OBLIGATIONS TO US

5.1 **<u>Prior to Commencement of Operations</u>.** Unless you are executing this Agreement to renew an existing franchise, before offering any Services to the public, you must do the following:

(a) **<u>Training</u>**. Pay us the Training Fee for and complete, to our satisfaction, the Training Program for each Service that you wish to provide within six (6) months from the Effective Date of this Agreement. If you fail to complete such training to our satisfaction within such six (6) month period, we may, at our option, terminate this Agreement, in which event we will not refund either the Initial Franchise Fee or the Training Fee. Termination of this Agreement shall not relieve you from your obligations under Sections 5.4, 5.5, 5.6 and 7, which shall survive termination.

(b) **<u>Equipment and Supplies</u>.** Unless you are obtaining the equipment that you will need to begin to operate the Franchised Business from a third party, you must pay us the Equipment Set-up Fee for each Service that you wish to provide and purchase a Vehicle and all of the remaining equipment specified for each such Service. You may only use equipment, tools, products and supplies in connection with the Franchised Business that meet our standards and specifications, and you must purchase all equipment, tools, products and supplies that you use in connection with the operation of the Franchised Business only from or through us or approved suppliers. As provided above, you may not, under any circumstances, purchase products from any company or person that has attempted to "knock off" or otherwise analyze for replication all of our products, including but not limited to all products patented or patent pending and all products that are sold with the Colors on Parade® trademark or trade name. Without limiting the foregoing, as provided above, you must purchase your proprietary mobile lab with the assigned paint related products through us. Any automotive equipment, tools, products and supplies which you purchase or lease for the Franchised Business and which is equipped in accordance with our standards and specifications may not be sold, assigned, transferred, leased, subleased or otherwise disposed of without our prior written consent, which consent will not be unreasonably withheld. Prior to any sale, assignment, transfer, lease, sublease, or other disposition, you must remove the Marks from such equipment, tools, products and supplies, and remove from such equipment, tools, products and supplies any materials, supplies or equipment which we deem to be proprietary, and reconfigure the equipment, tools, products and supplies, all in accordance with the Manual. You must execute the equipment lease required for acquisition of any proprietary equipment.

(c) **Computer**. Obtain and maintain a laptop computer meeting the standards and specifications provided in the Manual in order to properly identify paint matches and comply with matters regarding billing. The System may have improvements or future requirements due to new products or services authorized. You must update your hardware, from time to time, as necessary, to operate the software required for the Franchised Business.

(d) **Software; Electronic Information**. Purchase and install a QuickBooks Pro program on the laptop computer that you will utilize in operations and bring your computer with you to the Training Program. Although we do not currently require our franchisees to provide us with independent access to their financial information, you must, if required by the Manual, provide us with independent electronic access to information required to be maintained on your computer. You must also make all electronic records available for inspection by us, upon request.

(e) **Insurance.** Purchase and thereafter maintain in effect general liability, worker's compensation and such other insurance as we specify in the Manual, from time to time, or which may otherwise be required by applicable governmental laws or regulations, in amounts, with deductibles, and written by duly licensed carriers acceptable to us, and containing such other qualifications, terms and conditions as we may specify in the Manual. Unless otherwise specified in the Manual, all insurance policies shall name us as an additional named insured and shall not be cancelable without the insurer giving us at least thirty (30) days prior written notice. You must supply us with certificates of insurance, satisfactory to us in form and substance, evidencing these insurance coverages. We will notify you if any certificate that you provide to us is unsatisfactory and you must then take the steps necessary to correct any deficiencies. If you fail to purchase or pay for such insurance, we may do so on your behalf, in which event you must reimburse us upon demand for any amounts we spend to obtain such insurance, or impose reasonable fines or penalties against you, upon prior notice.

5.2 **Upon Commencement of Operations.** After you commence your operations and thereafter during the term of this Agreement, you must do the following:

(a) **Compliance with Manual.** Operate the Franchised Business in strict compliance with this Agreement, the Manual and such other rules, regulations, specifications and standards as we may reasonably specify. You may not offer for sale any services or products which we have not have specifically approved or authorized and you must offer at least one Service at all times. Failure by you or at least one of your employees to be properly trained to our satisfaction with respect to each License Services will be an Event of Default (as defined hereinafter). We may add or delete other product lines or services from time to time to or from the System, which we may designate as Services, and which may be substantially different than those presently offered under the System or change any such designation.

(b) **Full-Time Commitment.** Be personally involved in the operation and management of the Franchised Business on a full-time basis, as defined in the Manual, and cooperate fully with us in the development of the Territory; provided, however, that you may retain another individual to operate and/or manage the Franchised Business on your behalf, with our prior written consent, so long as such individual has successfully completed all of the required training and executed such non-competition, non-disclosure or other covenants as we may require, and has been approved by us to act in your stead. In operating and/or managing the business on a full-time basis, you may not operate any other business, specifically including any automobile related business, services or products not authorized or permitted in writing by us, and no related automobile products or services may be utilized or sold by the Franchised

Business without our prior written permission.

(c) **Training Programs; National and Regional Meetings and Conventions.** Before providing any Service, attend and satisfactorily compete all required training programs with respect to such Service. You must also attend all national and regional meetings or conventions held or conducted by us and all meetings scheduled by the Area Developer for franchisees operating within the development area. We may charge a reasonable fee for your attendance at any such programs, meetings or conventions held or conducted by us for the purpose of allowing us to cover the costs of producing and presenting the same.

(d) **Conduct Business as a Colors On Parade Franchisee**. You acknowledge and agree that quality of workmanship, customer service and customer relations and the appearance and demeanor of yourself and your employees are extremely important to our goodwill and the goodwill of the System. You must maintain high standards in the operation of the Franchised Business and, at all times, give prompt, courteous and efficient service to your customers. All work performed by you and your employees must be performed promptly, competently and in a workmanlike manner. All of your interactions with your customers, vendors, suppliers, employees, other Colors On Parade franchisees and the public must adhere to the highest standards of honesty, integrity, courtesy, fair dealing and professional and ethical conduct. You may not engage in any trade practice or other activity that may be harmful to our goodwill or the goodwill of the System or disruptive to the System or other franchisees operating within the System, or reflect unfavorably on us, the System or the services provided by franchisees operating within the System, or disparage us, the System or other franchisees operating within the System, or constitute deceptive or unfair competition, or otherwise be in violation of any applicable laws. If we determine, in our sole discretion, that you have failed to maintain high standards in the operation of the Franchised Business, provide prompt, courteous and efficient service to your customers, or perform all work promptly, competently and in a workmanlike manner, or that any of your interactions with your customers, vendors, suppliers, employees, other Colors On Parade franchisees or the public do not meet the highest standards of honesty, integrity, courtesy, fair dealing and professional and ethical conduct, or that you have engaged in any trade practice or other activity that may be harmful to our goodwill or the goodwill of the System, or disruptive to the System or other franchisees operating within the System, or reflect unfavorably on us, the System or the services provided by franchisees operating within the System, or disparage us, the System or other franchisees operating within the System, or constitute deceptive or unfair competition, or otherwise violate any applicable law, we will notify you in writing of the corrective action that you must take to cure the default(s) and your failure to take such corrective action within ten (10) days following your receipt of such notice will constitute a material default hereunder and cause for the termination of this Agreement without any further prior notice or opportunity to cure the default. In addition, in all of your business dealings with your accounts, you must wear a Colors on Parade uniform and prominently identify and hold yourself out as a Colors On Parade franchisee, as per the requirements of this Agreement and the Manual, and all automotive reconditioning and/or restoration services that you provide must be provided as a Colors on Parade franchisee pursuant to the terms and provisions of this Agreement.

(e) **Hours of Operation.** Except to the extent prohibited by applicable law, operate the Franchised Business as required in order to service your accounts properly and in accordance with the requirements of each account.

(f) **Employees.** In providing the Services to the public, use only employees who have been trained to our satisfaction or who have been successfully trained pursuant to training programs which we make available to you and require your employees to wear Colors on Parade uniforms while working for the Franchised Business of such design and color as we may prescribe from time to time, as set forth in the Manual. You must obtain from each employee whom you train a written acknowledgment, in the form which we prescribe, that such employee has completed our training program.

(g) **Confidential Information**. You must take reasonable precautions necessary to protect all Confidential Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of the obligation to protect Confidential Information, and their related responsibilities and obligations. You must also obtain Non-Disclosure and Non-Competition Agreements and pre-interview forms, each in a form satisfactory to us, from each of your employees, and it is your responsibility to ensure that the form of covenants executed by your employees will be enforceable, to the maximum extent possible, under the laws of the state in which the Territory is located, and to use your best efforts to enforce all such agreements.

(h) **Compliance with Law.** Comply with all applicable federal, state and local laws, regulations, rules, ordinances or decrees.

(i) **Hardware and Software Requirements.** Utilize all specified computer hardware and software for use in the Franchised Business as specified in the Manual. In the future, we may require you to purchase additional or updated computer hardware or software. Our hardware and software specifications may change from time to time and we may require replacements for the computer hardware and software that you use in the Franchised Business. You may also be required to pay certain licensing fees in connection with your use of certain hardware and software programs. You must execute such software license agreements as we or outside vendors may require in order to use the software we have approved or require and you must hold us harmless of any claims due to your acquisition or use of any software that we may require.

(j) **National and Regional Accounts.** We or the Area Developer may establish national or regional accounts, with respect to which we or the Area Developer may negotiate contracts covering multiple locations or sub-accounts. You must cooperate in the establishment and servicing of such accounts and follow the procedures and regulations (including, if legal, pricing policies) we or the Area Developer may establish with respect thereto. Your failure to do so may have significant adverse economic effects not only upon the Franchised Business and the Area Developer's business, but also upon the businesses of other Operator Franchisees, area developer franchisees and multi-unit franchisees.

(k) Ongoing Purchases of Equipment, Tools, Products, and Supplies. Purchase equipment, tools, products and supplies only as provided in Section 5.1(b) above. We may become the sole source of supply of other items and set a price to cover our costs and expenses and a reasonable profit.

(l) **Trademarks.** Not take any position of attempted ownership of any domain name that includes any of the Marks. In the event that you register a domain name or other name that includes the Marks or any of our products, you will hold the name or mark in trust and must transfer it to us upon demand.

5.3 **Financial Information; Records; Inspection**

(a) Financial Information. You must furnish us with financial information concerning you and the Franchised Business in such form and at such times as we may request or specify in the Manual. Such information may include monthly, quarterly and annual balance sheets, profit and loss statements, and statements of cash flow, tax returns and other financial information that we believe reasonably necessary for us to evaluate the Franchised Business and your compliance with this Agreement. You must certify all such financial statements as being true and correct. Financial statements need not be audited unless an Event of Default (as hereinafter defined) has occurred during the last twelve (12) months and/or we request, in our discretion, that you provide us with audited financial statements.

(b) <u>Books and Records</u>. You must maintain all books and records required by law or by us as specified in the Manual, including a complete listing of customer accounts. You must provide us with complete customer account information on at least a quarterly basis. Unless we otherwise agree in writing, in advance, you must adhere to generally accepted accounting principles in your record keeping and you must follow the record keeping systems and use the record keeping software programs we require. You must keep hard copies of your records for at least six (6) years. All records must be kept at your principal place of business as designated on Exhibit A (which you may change to another location within the Territory which is acceptable to us upon giving us at least ten (10) days advanced written notice).

(c) <u>Inspection</u>. You must permit us or our representatives to inspect your books, records, accounts and bank statements at any time during reasonable business hours, without advance notice, or provide us with copies of such books, records, accounts and bank statements upon our request. We also have the right to audit your books and records, upon demand, at our expense. However, if such audit discloses that you have understated Gross Sales, or the services that you have provided, or any sum owed to us, by two percent (2%) or more, you must reimburse us, upon demand, for all audit costs, including meals, lodging and travel expenses and the costs and expenses of employees and other agents engaged in the audit, and pay us any additional amounts due.

(d) <u>Under-reporting</u>. Regardless of the percentage of under reporting, if we determine that you have deliberately failed to report any sales that you have made while performing the Services or utilizing the System, in any way, we may terminate this Agreement immediately.

5.4 **<u>Trademarks and Other Intellectual Property; Confidential Information</u>**

(a) <u>Intellectual Property</u>.

(i) You may only use in the operation of the Franchised Business the trademarks, service marks, logos and insignias or trade dress that we designate in writing from time to time for use in the System (the "*Marks*"). You will have no interest in the Marks or the goodwill associated with the Marks, except to use them as provided in this Agreement and the Manual, and you shall have no ownership rights to the names or Marks in other forums such as "domain names" on the Internet. Any and all goodwill arising from your use of the Marks shall inure solely and exclusively to our benefit, and upon expiration, cancellation or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the System or the Marks. You must use the Marks only in compliance with the rules prescribed by us, and in no event may you use the Marks or any confusingly similar variations thereof as part of any corporate name or with any prefix, suffix or other modifying words, terms or designs (other than those licensed to you or approved by us). You may not use the Marks in connection with any unauthorized products or services. We reserve the right to revoke approval of the use of previously approved Marks, to add new Marks to the System, to modify any Marks or to adopt a new primary Mark for the System, and it will be your responsibility to pay for the costs of discontinuing the use of or modifying previously approved Marks in the Franchised Business; provided, however, that, if within any five-year period, on one or more occasions, we adopt a new primary Mark for the System on a System-wide basis, you shall only be responsible for the first $3,000.00 per Operating Unit (as defined herein) of the aggregate costs and expenses you incur in implementing the new primary Mark(s), and we will reimburse you for any excess expenditures upon presentation of proof of all costs and expenses you have incurred. However, we will not reimburse you for (1) any loss of good will, (2) sums previously or thereafter spent on advertising or marketing (other than written advertising materials containing the Mark which become no longer usable), and (3) signage expenditures, to the extent they exceed $1,000.00 in the aggregate, and in no event shall our liability hereunder exceed $3,000.00 per Operating Unit plus $1,000.00 for signage expenses. You must promptly discontinue use of Marks eliminated from the System and initiate use of new or modified Marks, as we may prescribe.

(ii) You must notify us immediately of any infringement of or challenge to your or our use of any of the Marks that comes to your attention. We will have the exclusive right (but not the obligation) to take any action which we believe appropriate under the circumstances and to retain all proceeds received in connection with any infringements. You must cooperate fully with us in any infringement or challenge, including, if requested, providing documents and/or testimony.

(iii) You may not contest, directly or indirectly, our use or ownership of or our interest in any of the Marks.

(iv) You must comply with our instructions in filing and maintaining tradename or fictitious name registrations, and you must execute any documents that we require to obtain or maintain protection for any of the Marks. You must submit to us, in advance, any advertising or other promotional materials that you wish to use in connection with the Franchised Business, and you may not use any of such materials until you have received our written approval. We shall have the right to withdraw our approval at any time upon giving you reasonable notice. Upon expiration or termination of this Agreement, all of your rights to use the Marks shall automatically revert to us without the execution of any document.

(b) <u>Confidential Information</u>

(i) Prior to or during the term of this Agreement, we may disclose to you, in confidence, either orally or in writing, certain trade secrets (which include, but are not limited to, our paint and scratch removal processes), know-how and other information relating to our business, the System and the management, operation or promotion of the Franchised Business and System (collectively "*Confidential Information*"). Confidential Information also includes the identity, contact information and requirements of all customers that you develop, with or without our assistance or the assistance of the Area Developer, or to whom you provide any Services while operating under his Agreement. You may not, nor may you permit any person to, use, disclose, divulge, publish, copy, reproduce, or disseminate any Confidential Information to any other person, except that you may disclose Confidential Information to the extent necessary for your employees to perform their functions and job duties in the operation of the Franchised Business, provided that such employees have signed a confidentiality, non-solicitation and noncompete agreement in a form approved by us. You will be responsible for any damages that we incur as a result of your breach or failure to comply with the provisions of this Section 5.4(b)(i).

(ii) Confidential Information does not include (A) information that becomes generally known to the public other than through your actions or conduct; (B) information disclosed to you by a third party having legitimate and unrestricted possession of such information before the date you execute your first Franchise Agreement with us, or before you began negotiations to purchase any franchise from us, whichever occurs first; (C) information that you can demonstrate was within your legitimate and unrestricted possession before you executed your first Franchise Agreement with us, or before you began negotiations to purchase any franchise from us, whichever occurred first; and (D) commencing five (5) years after the expiration or any earlier termination of this Agreement, information that is not protectable as a trade secret. You hereby expressly acknowledge that our paint and scratch removal processes, to the extent not patented, constitute trade secrets owned by us, and particularly, you agree that all of the processes contained in the Manual constitute trade secrets.

(iii) You must take reasonable precautions to protect our Confidential Information from unauthorized disclosure or use, including without limitation conducting orientation and training programs for your employees to inform them of your obligations to protect our Confidential Information from unauthorized disclosure or use. You must have each of your employees sign an employee non-compete, non-solicitation and non-disclosure agreement, approved by us, naming us as an intended third-party beneficiary with the independent right to enforce the agreement, and you will be responsible for any cost and expenses (including without limitation attorney's fees) incurred in enforcing all rights under those agreements. You must have the agreements signed by your employees reviewed by an attorney, at your expense, to ensure that such agreements are enforceable under applicable state law, and your use of an agreement approved by us shall not constitute or be a basis for waiver of your duty to ensure that the agreements signed by your employees are enforceable under applicable law.

(c) **Survival.** This Section 5.4 shall survive the expiration or any earlier termination of this Agreement.

5.5 **Indemnification.** You must indemnify, defend and hold us and our affiliates and our and our affiliates' officers, directors, employees, agents and representatives (collectively, "*Indemnities*") harmless from any and all claims, demands, suits, proceedings, fines, losses, damages, costs and expenses (including reasonable attorneys' fees) (collectively, "*Damages*") suffered or incurred, directly or indirectly, by any of them as a result of (a) your breach or other failure to perform your obligations under this Agreement, or (b) any other action or claim resulting from or in any way related to the operation of the Franchised Business, except that you shall not be liable for Damages resulting from our gross negligence or reckless conduct. If any third-party claim that is subject to this indemnification provision is asserted against you or any Indemnitee, you shall promptly notify us. The provisions of this Section 5.5 shall survive the expiration of or any earlier termination of this Agreement.

5.6 **Covenants Against Competition**

(a) **In-Term.** So long as this Agreement is in effect, you shall not, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Business, to any competitor, by direct or indirect inducement or otherwise;

(ii) Employ or seek to employ any person who is at that time or was at any time within the immediate past twelve (12) months employed by us, an Area Developer or any other Colors on Parade franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment with us or any such other franchisee;

(iii) Directly or indirectly own, maintain, engage in, or have any interest in any other business which is engaged in providing any automotive reconditioning services within the Territory; or

(iv) Provide any automotive reconditioning services, directly or indirectly, within the Territory, other than as a Colors on Parade Operator Franchisee pursuant to the provisions of this Agreement.

You agree that each of the foregoing in-term restrictive covenant is independent of the others and is necessary and reasonable to protect legitimate interests of the System.

(b) <u>Post-Term</u>. Except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period commencing upon the expiration or any earlier termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for yourself or through, on behalf of or in conjunction with any person or entity:

(i) Operate or manage any business that competes with us within the Territory or any other area where you provided any Services as a Colors On Parade franchisee during the term of this Agreement;

(ii) Solicit or provide any of the automotive reconditioning services that you provided as a Colors On Parade franchisee to any customer or account to whom you provided any Services as a Colors on Parade franchisee, or divert or attempt to divert any such customer or account to any competitor, including yourself; or

(iii) Offer or provide, within the Territory or any other area where you provided any Services during the term of this Agreement, any of the automotive reconditioning services that you offered or provided as a Colors On Parade franchisee.

You agree that each of the foregoing post-term restrictive covenants is independent of the others and is necessary and reasonable to preserve the value of the Franchise System. If you refuse voluntarily to comply with the foregoing restrictive covenants upon the expiration or any earlier termination of this Agreement, the two-year period will not commence until you begin to voluntarily to comply with the foregoing restrictive covenants or the entry of an order of an arbitrator or court enforcing this provision, whichever shall first occur. If we are required to engage an attorney or take any action to enforce the foregoing restrictive covenants, you must reimburse us for our costs and expenses, including reasonable attorney's fees and the costs of investigating and/or prosecuting such action.

(c) <u>No Defense</u>. The existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of the covenants contained in this Section 5.6.

(d) <u>Injunctive Relief</u>. Your failure to comply with any requirement of this Section 5.6 will cause us irreparable injury for which no adequate remedy at law may be available. Accordingly, in such event, we shall be entitled to injunctive relief prohibiting any conduct by you or anyone acting in concert with you in violation of the terms of this Section 5.6, and no bond shall be required in order to implement any injunction so issued or, if the posting of a bond is required for the effectiveness of such injunctive relief by law, the amount of the bond shall not exceed the sum of $1.00.

(e) <u>Survival</u>. The provisions of this Section 5.6 shall survive the expiration or any earlier termination of this Agreement.

(f) <u>Modification of Covenants ("Blue-Pencil")</u>. We shall have the right, in our sole discretion, to reduce the scope of any covenant contained in this Agreement, without your consent, and you agree that you shall comply immediately with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 9.2 hereof. Further, in the event that a court of competent jurisdiction or arbitrator shall find any of the restrictive covenants contained this Agreement to be excessive in scope or contrary to law, you and we hereby authorize and direct the court or arbitrator to modify the restriction so as to make it enforceable to the maximum extent in accordance with applicable law and all other restrictive covenants contained in this Agreement shall remain in full force and effect.

5.7 **Assignment**

(a) **General Prohibition.** The rights granted to you under this Agreement are personal, and we would not have entered into this Agreement absent your commitment to be personally involved with the operation of the Franchised Business. Therefore, except as expressly listed below, you may not, without our prior written consent, assign, transfer, convey or otherwise dispose of, or encumber or grant a security interest in, this Agreement, the Franchise granted herein, all or substantially all of the assets used in the Franchised Business, any account assigned to you, as described in Section 4.1(d), or a controlling interest in you or any entity to which your rights under this Agreement may be transferred, or any of your rights or duties under this Agreement (each of the foregoing is referred to as an "*Interest*") and you may not subcontract with any third party for the provision of any Services.

(b) **Assignment to Corporation or Limited Liability Company.** You may assign your Interest in this Agreement to a corporation or limited liability company formed by you for your convenience or legal reasons (an "*Entity*") provided that each of the following conditions is met and fulfilled at the time of assignment: The Entity must be newly formed and may not own any assets or engage in any business except for the Franchised Business or other activities under franchise agreements with us.

(i) You and any other person owning at least 10% of the Entity's outstanding equity securities of any class must personally guarantee the obligations of the Entity under this Agreement and agree to be personally bound by the provisions of Sections 5.4, 5.5, 5.6 and 7 of this Agreement.

(ii) You must at all times (A) own a majority of the Entity's equity interests of each class of equity securities outstanding, and (B) own equity interests having a majority of the voting power of each voting class of the Entity's outstanding equity securities.

(iii) You must execute an assignment document that is satisfactory to us in form and substance. In addition, you and the Entity must execute an agreement satisfactory to us, in form and substance, confirming that: (A) the Entity assumes your obligations under this Agreement; (B) the assignment does not release you from any of your liabilities to us under this Agreement; (C) the certificates or other documents evidencing ownership in the Entity shall bear appropriate legends prohibiting any further transfer of such certificates or other documents or any equity interest in the Entity without compliance with this Agreement; and (D) such other provisions as we may reasonably require to protect our interests with respect to the Franchised Business and its operations.

(c) **Assignment to Third Party.** You may assign any of your Interest to a third party, provided that each of the following conditions is met:

(i) You have first offered in writing to assign your Interest to us upon the same terms and conditions as are offered in writing by such third party, except that we will have thirty (30) days to accept such offer and we may substitute an equivalent amount of cash for any non-cash consideration; and (B) we have failed or declined to accept your offer to sell such Interest (such offer may not include any assets or liabilities except those relating to the Franchised Business);

(ii) The third party (A) in our discretion, meets our current standards for new Operator Franchisees, (B) is not be affiliated with any competitor in any respect, and (C) purchases the Interest upon terms and conditions no more favorable to such third party than those offered to us no later than sixty (60) days after we have declined to accept the offer you made to us pursuant to clause (i):

(iii) You execute a general release in our favor, subject to applicable law:

(iv) You pay us (A) an administrative fee of $1,000, and (B) if the transferee has not previously successfully completed the Training Program, a Training Fee in an amount established from time to time by us in the Manual;

(v) If the Interest transferred is other than an internal stock or other interest transfer within your entity or company, the transferee pays us the Initial Franchise Fee for an Operator Franchisee;

(vi) The transferee completes, to our satisfaction, the Training Program;

(vii) The transferee agrees executes our then-current form of Operator Franchise Agreement for the remainder of the term as shown in Section 2 hereof;

(viii) You agree to be bound by the provisions of Sections 5.4, 5.5, 5.6, and 7 to the extent they constitute post-term obligations;

(ix) All of your financial obligations to us and our affiliates are paid in full (whether or not then due) and no Event of Default or an event which, with the giving of notice and/or the passage of time, would constitute an Event of Default, exists; and

(x) You agree to subordinate any right you may have to payments from the transferee to all of our (and our affiliates') rights to receive Royalties or other amounts owed to us (or any of our affiliates) by the transferee.

(d) **Assignment to Spouse or Child.** If you die or become disabled, you may assign your Interests to your spouse or child, subject to the same conditions as shown in Section 5.7(c) above, except that no administrative transfer fee will be charged, and we will not have a right of first refusal to purchase your Interests, as described in Section 5.7(c) above.

5.8 **Guaranty; Other Covenants of Equity Owners**. If you are an entity, all of your owners must execute a guaranty, in form and substance acceptable to us, guaranteeing the payment and performance of all of your obligations to us and personally assuming all such obligations. In addition, all of your owners must execute and deliver to us an agreement, in form and substance satisfactory to us, to be bound by the provisions of Sections 5.4, 5.6, 5.7 and 7 of this Agreement.

5.9 **Disclose Discoveries and Ideas to Franchisor.** Franchisee shall promptly disclose to Franchisor all discoveries, inventions or ideas, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any partner, officer, director, agent, or employee of Franchisee, solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such discoveries, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee with respect thereto. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System.

6 TERMINATION

6.1 **<u>Events of Default</u>.** Any one or more of the following events will constitute an Event of Default ("*Event of Default*") by you hereunder:

(a) You fail to pay, promptly when due, any fee, expense, charge or other amount due to us (or any of our affiliates) or under any financing program sponsored by us and within five (5) days after written notice of such failure; or, if you have previously been given notice of any monetary default on at least three (3) occasions during the prior twelve (12) months and you thereafter fail to pay, promptly when due, any such fee, expense, charge or other amount (in which event written notice is not required);

(b) Any of your representations in this Agreement or in any other document or certificate furnished to us previously or at any time in the future is untrue in any material respect or omits any material fact necessary to make such representation not misleading in light of the circumstances in which such representation was made;

(c) You submit to us (i) in any twelve-month period, one (1) or more financial statements or other reports which understate by more than two percent (2%) your Gross Sales or any amounts owed by you to us for the applicable period; or (ii) any financial statement or other information or supporting record which intentionally understates your Gross Sales or any amounts owed by you to us for the applicable period;

(d) You fail to successfully complete the Training Program or to commence the Franchised Business within six (6) months after the Effective Date;

(e) You fail comply with any corrective action that we require pursuant to the provisions of Section 5.2(d) within ten (10) days;

(f) You voluntarily suspend operation of the Franchised Business for more than seven (7) consecutive calendar days without our prior written consent other than for *force majeure* (but only so long as the *force majeure* exists) or vacations in the ordinary course, so long as you have made adequate provisions with your employees or other Colors on Parade franchisees for servicing the accounts you customarily service;

(g) You file a petition for relief from your debts, liabilities or obligations, or for appointment of a receiver for you or for all or a substantial portion of your assets, or make a general assignment for the benefit of your creditors; or a petition is filed against you or a receiver is appointed for you or for all or a substantial portion of your assets, or a judgment is entered against you, and such petition, appointment or judgment is not stayed or vacated or otherwise discharged within thirty (30) days, or becomes unappealable or is acquiesced in or consented to by you;

(h) You become bankrupt, insolvent or otherwise unable to pay your obligations as they become due;

(i) You assign, transfer, convey, sublicense or encumber, or attempt to assign, transfer, convey, sublicense or encumber, all or any of your Interests, except as provided above;

(j) You are convicted of a felony, or a crime involving moral turpitude or consumer fraud, or any other crime, offense or act that we believe is likely to have an adverse effect on the Franchised

Business, the System or the Marks;

(k) You violate any federal, state or local health or safety law or commit any other act which could result in the endangerment of the public, and fail to cure such violation within the applicable period permitted by law, if any, or by the applicable governmental authority, or within five (5) days after written notice from us (or immediately upon notice from us if there is an immediate threat to the public's safety or health as a result of such violation or act); or

(l) You breach or fail to comply with any other covenant or agreement contained in this Agreement or any rule, regulation, procedure, specification or standard contained in the Manual (including without limitation standards and procedures relating to customer service and responses to customer complaints) and you do not correct that breach or failure to comply within thirty (30) days after written notice thereof.

6.2 **Remedies.** If any Event of Default by you occurs, we may, in our sole discretion, impose reasonable penalties or fines, which shall be payable by you upon demand. We may also, at our option and without only such notice as may be required by applicable law, declare this Agreement and the Franchise granted in this Agreement to be immediately terminated and of no further force or effect, except as otherwise expressly provided in this Agreement. No such termination shall relieve you of your obligations, debts or liabilities under this Agreement. This right of termination is in addition to any other rights or remedies we may have at law or in equity. In addition, upon termination, the royalties payable by you during the remainder of the term of the agreement, calculated on the basis of your average actual monthly gross sales during the 3-month period prior to termination, shall become immediately due and payable, without demand. We shall have no obligation to perform our obligations under this Agreement if at any time there exists an Event of Default or an event that, with the giving of notice or passage of time or both, would result in the existence of an Event of Default.

6.3 **Conflicting State Law.** If any of the termination, renewal or assignment provisions of this Agreement are inconsistent with any applicable state law governing the relationship of franchisors and franchisees, the provisions of such law shall apply, but only to the extent of such inconsistency.

6.4 **Termination by You**. Provided that you are in full compliance with all of the terms and conditions of this Agreement and all of your obligations hereunder, you may terminate this Agreement, subject to your obligations under Section 5.6(b) and the following Section 7, in the event of any material default by us under this Agreement if we fail to cure such default within thirty (30) days following our receipt of a written notice of default that describes our default with sufficient specificity to permit a cure.

7 YOUR POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement, you must:

7.1 **Payment Obligations.** Pay all sums owing to us or any of our affiliates, including all costs and expenses incurred in enforcing the provisions of this Section 7.

7.2 **Return of Confidential Information.** Return all Confidential Information to us, including but not limited to the Manual.

7.3 **Cease Identification With Colors on Parade.** Take all actions necessary to cancel all assumed name or equivalent registrations relating to your use of the Marks; and notify the telephone company, the postal service and all listing agencies of the expiration or termination of your right to use all telephone numbers, post office boxes and all classified and other directory listings of the Franchised Business. You must turn over all phone numbers, internet sites, email listings and other media locations used during your franchise to us and authorize the telephone company, the postal service and all listing agencies to transfer to us or our designee all such numbers, post office boxes and classified or directly listings as soon as possible, and you hereby authorize us or our designee to direct the telephone company, the postal services and all listing agencies to transfer such numbers, boxes and listings to us or our designee.

7.4 **Customer Notification.** Upon our request, notify all of your customers of the expiration or termination of this Agreement, and provide them with such other information as we may reasonably request.

7.5 **Promote Separate Identity.** Not, directly or indirectly, in any manner, identify yourself as a former franchisee of ours or as otherwise having been associated with us, or use in any manner or for any purpose any of the Marks for purposes of offering or providing any Services.

7.6 **Cease Use of System.** Cease any and all use of the System; at our request, submit to an audit of your financial records and the financial records of the principals of your Business; and provide us with copies of all customer lists, in all formats, i.e., paper, electronic or otherwise.

7.7 **Post-Term Covenants**. Comply with all of your post-term covenants under Section 5.6(b).

7.8 **Option to Purchase Assets and/or Assume Equipment Leases**. At our option, to be exercised within thirty (30) days after the expiration or any earlier termination of this Agreement, we shall have the right to purchase the Operating Unit(s) and/or any or all other equipment, tools and supplies used in connection with the operation of the Franchised Business for depreciated book value or fair market value, whichever is less. If we cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by us whose determination shall be binding. If we elect to exercise any option to purchase herein provided, we will have the right to set off all amounts due from you and the cost of the appraisal, if any, against any payment therefor. If you do not own, but instead lease or rent, your Operating Unit(s) and/or equipment, then we shall have the option to assume your lease(s) or rental arrangement(s) or, if the lease(s) or rental arrangement(s) are not assumable, to sublease the same from you upon the same terms as the underlying leases(s) or rental arrangement(s). If we elect to exercise any option to assume lease or sublease herein provided, you shall indemnify us for any sums which are past due under any lease of the above-referenced Operating Unit(s) and/or equipment as of the date we assume your lease or rental arrangement or sublease such equipment and/or Operating Units(s) from you. In order to secure our rights under this Section 7.8, we shall have a right to place a lien upon your Operating Unit(s), equipment, tools and supplies, and you hereby authorize us to execute, on your behalf, one or more Financing Statements, pursuant to the Uniform Commercial Code, and to file or record same in all public offices wherever filing or recording is deemed by us to be necessary or desirable in order to perfect a security interest in such equipment, tools and supplies.

7.9 **Injunctive and Other Relief.** Because we will suffer irreparable harm if you do not take the actions required of you under this Section 7, you hereby agree that, in such event, we will be entitled to injunctive relief (including specific performance) in addition to any other remedies available to us, and that no bond shall be required in order to implement any injunction so issued.

7.10 **Survival of Covenants.** The covenants contained in this Section 7 shall survive the expiration or any earlier termination of this Agreement.

8 DISPUTE RESOLUTION

8.1 Disputes to be Arbitrated. Except as set forth in Section 8.5, any controversy, claim or dispute arising out of or relating in any way to the Franchised Business or this Agreement, or its breach, including without limitation any claim that this Agreement or any of part of this Agreement is invalid, illegal or otherwise voidable or void, shall be resolved by arbitration, in Myrtle Beach, SC, in accordance with the Commercial Rules of Arbitration of the American Arbitration Association ("*AAA*"); provided, however, that the parties shall have the right to discovery in accordance with the Federal Rules of Civil Procedure and the arbitrator shall have the right and power to issue sanctions, including but not limited to the entry of an award against a party on the merits, for failure to provide discovery. Notwithstanding any provision of this Agreement relating to which state laws govern this Agreement, all issues relating to the arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration. To the extent that the applicable state law requires this provision to be initialed to be effective, it is agreed that the Federal Arbitration Act referenced above governs, and that the parties' signatures at the end of this document shall act to indicate their acceptance of this provision. The arbitration of any disputes between the parties shall be conducted on an individual basis and such disputes shall not be arbitrated on a class-wide basis, nor shall any of these disputes be consolidated with the arbitration of any other disputes that might arise among or between the parties or any of other franchisees, unless a court of competent jurisdiction should determine that this provision is unenforceable, in which event a dispute which either party seeks to have adjudicated on a class-wide basis, or consolidated with other disputes that may arise among or between the parties or any other franchisees, may be submitted to the AAA for arbitration, in accordance with AAA's Supplementary Rules for Class Arbitrations; provided, however, in the event that the arbitrator determines that the arbitration should proceed as a class arbitration or consolidated with other disputes (the "*Class Determination Award*"), either party shall have the right to obtain judicial review of the Class Determination Award. In the event that either party moves a court of competent jurisdiction for a review of the Class Determination Award, the arbitration proceedings shall be stayed until the court has issued an order confirming or vacating the Class Determination Award.

8.2 Mediation. Before any party may commence an arbitration proceeding against the other with respect to any claim or dispute, the party that wishes to submit a claim or dispute to arbitration must give the other party written notice which specifies, in detail, the nature and grounds of such claim or dispute, and the other party will have a period of thirty (30) days following receipt of such notice within which to notify the party that wishes to submit a claim or dispute to arbitration whether the other party elects to submit such claim or dispute to mediation by the AAA. Neither party shall have the right to commence any arbitration proceeding against the other with respect to any such claim or dispute in any court unless the other party fails to exercise its option to submit such claim or dispute to mediation or the mediation proceedings have terminated, either as the result of the written declaration of the mediator appointed by AAA to the effect that further efforts at mediation are no longer worthwhile or as a result of the parties' written declaration. Any mediation or arbitration proceedings under this Agreement shall be conducted in the city and state in which our principal place of business is located. Either party shall have the right to specifically enforce its rights to mediation, as set forth herein.

8.3 Entry of Judgment. Judgment may be entered upon an arbitration award in any court having competent jurisdiction and shall be final, binding and non-appealable. The parties each waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between the parties, each party shall be limited to the recovery of only the actual damages sustained.

8.4 Procedures. The arbitration provisions of this Section 8 are self-executing and shall remain in full force and effect after the expiration or termination of this Agreement. At the request of any party, the arbitrator shall be an experienced commercial litigation attorney with experience in the arbitration and litigation of disputes between franchisors and franchisees. The parties shall have the right to conduct discovery in any arbitration proceeding in accordance with the Federal Rules of Civil Procedure and, at the request of a party to the proceeding, the arbitrator shall have the authority to issue subpoenas directed to third parties. If any party to the arbitration proceeding fails to participate in any part of the arbitration proceeding, or to appear at any properly noticed hearing, or to provide any discovery requested by the other party in accordance with the Federal Rules of Civil Procedure, the arbitrator is authorized and directed to enter an award against such party by default or otherwise. Arbitration proceedings shall take place in the city and state in which our principal place of business is located, unless otherwise agreed by the parties, and shall be conducted before a single arbitrator selected by the parties or appointed by the AAA. The arbitrator is authorized to enter an award against any party to an arbitration proceeding and any third party acting in concert with a party to the arbitration proceeding.

8.5 **Excepted Disputes.** The obligation to arbitrate shall not be binding upon any party with respect to claims relating to the Marks or requests for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when necessary to preserve the *status quo* or prevent irreparable injury pending arbitration of the underlying dispute. This exception specifically does not include declaratory judgment, declaratory relief or other claims in equity, which must be brought in arbitration.

9 MISCELLANEOUS

9.1 **Survival of Representations.** All statements in this Agreement or in any certificate, agreement, instrument or other document delivered by or on behalf of any party pursuant to this Agreement or in connection with the transactions contemplated by this Agreement constitute representations, warranties, stipulations, covenants and agreements made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated by this Agreement.

9.2 **Entire Agreement.** This Agreement, the attachments hereto, and the documents referred to herein, constitute the entire agreement between you and us concerning the subject matter hereof, and supersede any prior agreements; and you acknowledge and agree that no other representations which are not contained herein induced you to execute this Agreement. Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing contained in this Section 9.2 is intended to disclaim the representations we made in our Franchise Disclosure Document.

9.3 **Notices.** All notices, requests, demands, tenders and other communications required or permitted under this Agreement shall be in writing and shall be duly given (i) if delivered, mailed (certified or registered mail, postage prepaid) or sent by overnight courier service to the other party at its address set forth on Exhibit A, or (ii) if transmitted by facsimile to the facsimile number of the other party set forth on Exhibit A. Any party may change its mailing address or facsimile number by giving notice to the other party in the manner provided above.

9.4 **Waiver.** Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but that waiver will be effective only if evidenced by a written document signed by such party. A waiver on one occasion shall not be a waiver of the same or any other breach on any other occasion. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy.

9.5 Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by both parties.

9.6 Cumulative Remedies. No remedy conferred upon us is intended to be exclusive of any other remedy, and each and every such remedy shall be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

9.7 Independent Contractor Relationship. Nothing in this Agreement or in any instrument, agreement or other document delivered pursuant to this Agreement or in connection herewith shall make either party hereto the partner, joint venturer, agent or employee of the other. It is intended that you are and shall continue to be an independent contractor responsible for all of your obligations and liabilities with respect to the establishment and operation of the Franchised Business. You have no authority, express, implied or apparent, to act on behalf of or to bind us, and you may take no action to create any such authority or the appearance of an employer-employee relationship between us. In indicating your affiliation with us, you must at all times clearly represent that the Franchised Business is independently owned and operated, consistent with applicable law, including without limitation by exhibiting a notice of such fact in a conspicuous place at the Franchised Business, and, as directed by us, in your advertising and on your contracts, forms, stationery and promotional materials. In no event shall we be or be deemed your fiduciary. However, you agree that you have a fiduciary duty to us and the franchise system to hold confidential information imparted to you in trust and confidence for the benefit of the franchisor and the franchise system.

9.8 Cost of Enforcement. In any action to enforce the rights of either party under this Agreement, the prevailing party, as determined by the arbitrators, court or other tribunal before which such action is brought, shall be entitled to recover the costs and expenses of such party, including reasonable attorneys' fees, incurred in investigating, prosecuting or defending such action.

9.9 Singulars and Plurals; Pronouns. Where the context so requires, the use of the singular form herein shall include the plural, and the use of the plural form the singular, and the use of any gender shall include any and all genders.

9.10 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

9.11 Headings. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and shall not affect the meaning or construction of any of its provisions.

9.12 Inconsistent Terms; Additional Terms.

(a) To the extent that the provisions of this Agreement are in direct conflict with the provisions of any Exhibit or Addendum hereto, the provisions of the Exhibit or Addendum shall control.

(b) The parties acknowledge that additional terms and conditions may be made a part of this Agreement by attaching an Exhibit or Addendum containing such additional terms and conditions, or by including such terms or conditions on Exhibit A. Such terms and conditions are hereby incorporated into this Agreement by this reference without further action by the parties.

9.13 **Successors and Assigns.** We may assign this Agreement or any of our rights or duties under this Agreement without your consent. Except as expressly otherwise provided in this Agreement, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

9.14 **Severability.** If any provision of this Agreement or any instrument or other document delivered pursuant to or in connection with this Agreement is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Agreement.

9.15 **Governing Law; Choice of Forum.** This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of the state in which our principal place of business is located, without regard to its conflicts of law rules, unless applicable state law requires the application of the laws of your home state. Any mediation or arbitration proceedings under this Agreement shall be conducted in the city and state in which our principal place of business is located and any litigation relating to matters not required to be arbitrated by this Agreement shall be brought in a court for the county of the state in which our principal place of business is located, or in the federal district court for such district. You and we each hereby consent to the jurisdiction and venue of such courts and waive any defense that such courts lack jurisdiction or venue with respect to such proceeding.

9.16 **Time of Performance.** Time is of the essence of this Agreement.

10 ACKNOWLEDGMENTS. You hereby acknowledge as follows:

10.1 Receipt of Franchise Disclosure Document and Agreements. You acknowledge and agree that you received a copy of our Franchise Disclosure Document ("*FDD*") no later than fourteen (14) days prior to the date you executed this Agreement or the date that you paid us any consideration, and that you have read the FDD and each of the agreements you have executed this date.

10.2 Representations Regarding Profitability. NEITHER WE NOR ANY OF OUR OFFICERS, AGENTS OR REPRESENTATIVES HAS MADE ANY REPRESENTATION TO YOU AS TO THE ANTICIPATED REVENUES, EARNINGS OR PROFITABILITY OF THE FRANCHISED BUSINESS OR ANY OTHER COLORS ON PARADE® FRANCHISE, OR THE HISTORICAL FINANCIAL PERFORMANCE OF ANY COLORS ON PARADE® FRANCHISE EXCEPT AS SET FORTH IN THE FDD. IN ENTERING INTO THIS AGREEMENT, YOU ARE NOT RELYING UPON ANY INFORMATION FURNISHED BY US OR ANY OF OUR OFFICERS, AGENTS OR REPRESENTATIVES EXCEPT FOR THE INFORMATION CONTAINED IN THIS AGREEMENT OR THE FDD.

10.3 System Modification. We may, but are not obligated to, add, delete, modify or amend the scope or type of products or services that you will be permitted or required to offer in the operation of the Franchised Business.

10.4 Professional Consultants. You acknowledge and agree that we have advised you to consult with professionals, such as lawyers or accountants, prior to executing this Agreement, and that you have been given an adequate opportunity to do so.

10.5 Independent Investigation. You acknowledge and agree that you have conducted your own independent investigation of us and the System, and that you understand that the Franchised Business involves risk and its success will be in large part dependent upon your own abilities, participation and efforts.

10.6 **Other Forms of Agreements.** Other Operator Franchisees in our System may have executed, or may in the future execute, forms of franchise or other agreements containing materially different terms and conditions than those contained in this Agreement.

10.7 **Representations Regarding Waivers**. This Agreement contains certain representations to be made by you that there have not been violations of franchise law either federally or by state. To the extent that your state law or federal law prohibits you from having to provide a waiver or disclaimer at the inception of the Franchised Business, the waiver or disclaimer shall be void and the state or federal prohibition shall control.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date shown in Exhibit A.

TOTAL CAR FRANCHISING CORPORATION

By:____

Name: Jeff Cox
Title: President & CEO
Date:

OPERATOR FRANCHISEE:

____

Date:

EXHIBIT A

Name and Address of Operator Franchisee:

Effective Date:

Territory:

Initial Franchise Fee or Renewal Fee: $

Equipment Set-up Fee: $

PERSONAL GUARANTEE AND ASSUMPTION OF OBLIGATIONS

Each of the undersigned hereby absolutely, unconditionally and irrevocably guarantees to TOTAL CAR FRANCHISING CORPORATION, a South Carolina corporation ("*TCFC*"), all of the obligations (the "*Obligations*") of _________________________ ("*Franchisee*") to TCFC under that certain Operator Franchise Agreement, effective as of ____________, by and between Franchisee and TCFC (the "*Franchise Agreement*"), and hereby personally assumes all of the Obligations, including all restrictive covenants, both in-term and post-term, as fully as if each of the undersigned was a signatory to the Franchise Agreement.

Each of the undersigned acknowledges and agrees that this Guaranty is a guaranty of payment and performance and not of collection and that liability of the undersigned shall be immediate and primary and shall not be contingent upon the exercise or enforcement by TCFC of any remedies TCFC may have against Franchisee.

Any and all payments or performance made by the undersigned hereunder shall be made free and clear of and without deduction for any set-off, counterclaim, or withholdings.

Each of the undersigned acknowledges and agrees that no modification of any of the Obligations, and that no waiver, extension, renewal, indulgence, settlement, compromise or failure to exercise due diligence in collection, for any period or periods, whether or not longer than the original period, or any substitution or release of any other person or collateral directly or indirectly liable for or securing any of the Obligations, shall affect or impair, or release the undersigned from liability under this Guaranty. Each Guarantor herein specifically recognizes that the Obligations include the personal obligation to be bound by and adhere to all of the restrictive covenants contained in the non-competition and non-solicitation provisions of the Franchise Agreement and any separate agreements required by TCFC.

This Guaranty shall continue and remain in full force and effect until all of the Obligations have been fully paid and performed.

If any claim hereunder is referred to an attorney for collection, the undersigned shall be liable to TCFC for all costs of collection, including reasonable attorneys' fees.

This Guaranty may not be assigned without the consent of TCFC. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and permitted assigns.

This Guaranty shall be governed by, and construed and enforced under, the laws of the state in which TCFC's principal place of business is located. If any provision of this Guaranty is for any reason held invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Guaranty and this Guaranty shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Guaranty.

Time is of the essence.

IN WITNESS WHEREOF, each of the undersigned has issued this Guaranty as of ____________________, 201__.

GUARANTOR(S):

____

____

SBA ADDENDUM
TO
TOTAL CAR FRANCHISING CORPORATION
FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ___________, 201___, by **TOTAL CAR FRANCHISING CORPORATION**, located at ______ ("Franchisor"), and ________________________, located or residing at _________________________ ("*Franchisee*").

Recitals

Franchisor and Franchisee have entered into a Franchise Agreement on ____________, 201__ ("*Franchise Agreement*").

The Franchisee has agreed, among other things to operate a franchise within the territory or development area specified in the Franchise Agreement.

Franchisee has obtained a loan ("*Loan*") from a lender in which funding is provided with the assistance of the United States Small Business Administration ("*SBA*"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. If the Franchise Agreement is terminated and Franchisee's business or its assets are to be sold under Section 7.8 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such business and/or property shall be determined by three appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

3. Section 5.7(c) of the Franchise Agreement provides that Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its right of first refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (or any third party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee's business. Franchisor (or any third party assignee of Franchisor) may not become a partial owner of any SBA-financed franchise.

4. Franchisor will not unreasonably withhold, delay, or condition its consent to any proposed transfer or assignment by Franchisee that requires Franchisor's consent under Section 5.7(c) of the Franchise Agreement.

5. Notwithstanding anything to the contrary in the Franchise Agreement, unless more than one franchisee service a single account, in which event a single monthly invoice for the services provided by all of the franchisees must be issued to the customer, Franchisee has the option, in its

sole discretion, to opt out of the utilization of the Billing and Collections Agent referenced in Section 3.2 of the Franchise Agreement.

6. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

TOTAL CAR FRANCHISING CORPORATION

By: ___________________________________

Name: Jeff Cox
Title: President & CEO

FRANCHISEE:

____

EQUITY OWNER AGREEMENT

The undersigned hereby represents that the undersigned is an equity owner of the entity described below (the "Entity") and agrees that the undersigned shall be personally bound by the provisions of Section 5.4, 5.6, 5.7 and 7 of that certain Franchise Agreement described below (the "Franchise Agreement") as though the undersigned were the franchisee referred to in those provisions of the Franchise Agreement.

The undersigned represents that the undersigned has read those provisions of the Franchise Agreement, and, in addition, that to the undersigned's knowledge, the list of equity owners of the Entity listed below is true, correct and complete.

This Agreement is dated this ___ day of _____________, 201__.

EQUITY OWNER:

Signed: ________________________________

Name: ________________________________
(please print)

NAME OF ENTITY:

STATE OF ORGANIZATION:

FORM:

DESCRIPTION OF FRANCHISE AGREEMENT:

LIST OF EQUITY OWNERS:

EXHIBIT D

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EXHIBIT E

CURRENT FRANCHISEES
(as of December 31, 2017)

Company	Contact	Address	City	State	Zip	Phone
	Benjamin Oliver	1771 Lakeview Road	Ozark	AL	36360	334-796-5777
	Rafael Romero	124 Winter Ridge Drive	Madison	AL	35757	256-497-6596
Aaron M Roth	Aaron Roth*	P. O. Box 1455	Semmes	AL	36575	251-649-0072
Alabama Auto Colors	Shane Wise*	401 Fulton Drive	Midland City	AL	36350	334-685-1532
Color Quest Inc.	Greg Baxley	6822 Golden Acres Ln.	Cottondale	AL	35453	205-562-2222
John Spargo	John Spargo	1536 seminole circle	Alabaster	AL	35007	205-908-1444
Josh Baxley	Josh Baxley*	PO Box 544	Pelham	AL	35124	205-292-0745
Mr. Todd J Dumas	Todd Dumas*	176 Rainbow Dr	Madison	AL	35758	803-269-2750
	Paul Silvernail	206 1st Ave NW	Arab	AL	35016	(256) 673-8488
	Scott Silvernail	121 Riley St.	Gadsden	AL	35901	(256) 226-6821
	Josh Downie	133 Lyn Dr Apt #3	Clinton	AR	72031	914-217-0621
	Matthew Smith	421 E McCormick	Prairie Groove	AR	72753	479-595-2011
	Simon King	216 South Ozark St.	Prairie Grove	AR	72753	479-249-7667
	Travis Billingsley	PO Box 377	West Fork	AR	72774	479-466-2490
Daniel Billingsley	Daniel Billingsley*	12835 Buddy Elkins Road	Farmington	AR	72730	479-200-7592
Joya Corporation, Inc.	John Qualls	1335 Coon Creek Lane	Batesville	AR	72501	870-834-9610
Nicholson - 272	Mike Nicholson*	2696 South State Hwy 217	Booneville	AR	72927	903-277-7860
	Daniel Harley	PO Box 796	Booneville	AR	72927	479-849-5400
	Justin Hammer	10157 Northwest Jeter Rd	Fayetteville	AR	72701	(479) 657-0503
	Jake A. Ray	11369 Campbell Rd.	West Fork	AR	72774	(479) 841-8045
	Luke Nicholson	132B Hunter Allie Way	Booneville	AR	72927	903-277-7445
	Lambor Hall	34171 Olive Grove Road	Wildomar	CA	92595	951-238-4452
	Matt Barrie	2401 Sandringham Rd	Sacramento	CA	95825	916-893-5960
	Mike Lackett	3401 Balmral Drive Apt 11	Sacramento	CA	95821	916-284-2710
Art Tech	Richard Ansell	2780 Royal Park Drive	Cameron Park	CA	95682	916-997-9826
Automotive Finish Technologies	Todd Esquer*	P.O.B 60713	Sacramento	CA	95860	916-997-7766
Bay Colors & Spectral Analogies, Inc.	Young Lee	1388 Stock Bridge Drive	San Jose	CA	95130	408-248-2002
Chad Dunivan	Chad Dunivan	7909 Carmencita Ave.	Sacramento	CA	95829	916-783-2159
Dan Fleishman	Dan Fleischmann*	810 Walker Ave APT #1	Oakland	CA	94610	831-901-6330
Dennis Barkman	Dennis Barkman	2308 Pamela Lane	Sacramento	CA	95825	916-488-4170
Eddy Esquer	Eddie Esquer	1040 Dawson Drive	Dixon	CA	95620	707-359-8170
Elton Forfar	Elton Forfar	29542 Via Valverde	Laguna Niguel	CA	92677	949-283-6045
Eric J Sebald	Eric Sebald	606 La Verne Avenue	Santa Rosa	CA	95404	
Finn - 303	Gary Finn	13616 Los Olivos Ave	Poway	CA	92064	858-679-5310
H & K Colors	Hak-Jae Lee	3168 Bridgeway Drive	Rancho Cordova	CA	95670	916-257-6897
J&C Enterprises, Inc.	Jason Jones	3141 Shasta Way	Sacramento	CA	95821	916-997-9828
John S Reddoch IV	John Reddoch	15694 Riparian Rd.	Poway	CA	92064	858-829-4591
Kaven Ho	Kaven Ho	18533 Deloise Avenue	Cerritos	CA	90703	562-449-9331
Keoni Noblado	Keoni Noblado	450 E. 6th Ave.	Escondido	CA	92025	619-302-0414
Loc Luan	Loc Luan	7026 Baskins Ridge Avenue	San Jose	CA	95138	408-281-1773
Mobile Miracle, Inc.	Mark Plomaritis*	PO Box 8	Lake Forest	CA	92630	949-855-4661
Pham Auto Appearance	Hien Pham	1160 Billings Blvd	San Leandro	CA	94577	510-533-6751
Scott Grant	Scott Grant	26508 Treviso	Mission Viejo	CA	92692	760-902-3275
Steve Vines	Steve Vines*	12625 Fredrick Street, Bldg 15-190	Moreno Valley	CA	92553	951-830-7122
	Mike Mahard*	15543 Rojas St.	Hacienda Heights	CA	91745	626-945-7620
Vlad's Enterprise	Vladimir Sniguryak	2213 Burney Way	Sacramento	CA	95821	916-484-6387
	Jeffrey Bigelow	2 Enterprise 10308	Aliso Viejo	CA	92656	(949) 545-8200
	Aaron Geiser	4435 Halleck Lane	Wellington	CO	80549	970-405-2989
	Alessandro Mercalli	1517 Hollyberry St	Berthoud	CO	80513	720-552-3287
	David Payne	403 Locust Dr	Colorado Springs	CO	80907	719-641-8886
	Dylan James	7600 East Caley Ave., Apt 632	Denver	CO	80111	540-525-8600
	Kyle Augustin	12102 W 84th Place	Arvada	CO	80005	303-489-2631

Eric Suneson	Eric Suneson	5501 South Queen Street	Littleton	CO	80127	303-668-6173
JM Car Care	Jeremy Molnar*	31301 Red Hawk Trail	Conifer	CO	80433	303-838-9213
New Systems, Inc.	Matthew Bell*	23572 Black Bear Trail	Conifer	CO	80433	303-901-8313
Quality Finishes Dent removal Inc.	C.J. Arroyo	111 Arapahoe Trail	Woodland Park	CO	80863	719-330-2910
Superior Vinyl and Leather Repair	Shaun Lackett*	2814 Dusk Drive	Colorado Springs	CO	80918	719-499-1073
	Roman Klemetsen	8641 London Lane	Conifer	CO	80433	(303) 809-2118
Troy Weingardt	Troy Weingardt	8150 west stene drive	Littleton	CO	80128	303-346-8850
Auto Buffs, Inc.	Robert Nead	12 Highland Rd	Greenwich	CT	06830	914-714-1971
Auto Glow, LLC	Mark Mega*	P.O. Box 4409	Greenwich	CT	06831	919-490-7346
Nicholas J Provera	Nicholas Provera	31 Lines Hill St	Naugatuck	CT	06770	203-565-1586
	Brian Bates	3883 Magara Terrace	North Port	FL	34287	941-628-4233
	Daniel Rock	5580 Kismet Terrace	North Port	FL	34287	941-875-8889
	David Graham	17164 Kellog Ave	Port Charlotte	FL	33954	941-740-1294
	Jacques Marseille	2040 Sugar Terrace	North Port	FL	34286	954-642-6857
	Jon Honigschmidt	2530 Citrus Tower Blvd.	Clermont	FL	34711	952-356-9557
	Kevin Johnson	786 Shady St	Ft. Walton Beach	FL	32548	850-543-4185
	Matt Pettibone	300 Boardwalk Dr	Ponte Vedra Beach	FL	32082	904-400-0036
	Richard Hamilton	1181 S Sumter Blvd Box 134	North Port	FL	34287	941-429-0321
	Scott Grossman	6128 Edwards Rd.	Margate	FL	33063	954-798-4386
	Shawn Dennison	2981 NE 13th Ave.	Pompano Beach	FL	33064	865-766-9180
	Terry Honigschmidt	4603 Lemon Street	Lady Lake	FL	32159	352-530-7292
Charles Permaul	Charles Permaul	5700 Priscilla Lane	Lake Worth	FL	33463	561-968-8132
	Jeremy Wilson	330 SE 34th Avenue	Boynton Beach	FL	33435	561-704-2164
Color Tech Inc.	David Burkett*	7138 Box Elder Drive	Port Richey	FL	34668	727-847-1936
Colors of Esteem, Inc.	Chris Burkett	7138 Box Elder Drive	Port Richey	FL	34668	727-815-0607
Cruz Colors Inc.	Randy De Lacruz	891 SE Degan Drive	Port St. Lucie	FL	34983	561-963-1566
Freddy Falcones	Freddy Falcones	22 Meadows Dr.	Boynton Beach	FL	33436	954-444-7233
Gordon (Chuck) Frost	Chuck Frost	244 MacArthur Dr.	Port Charlotte	FL	33954	941-661-4769
Gulf Coast Colors, Inc.	John Dulitz*	PO Box 484	Ft. Walton Beach	FL	32549	850-863-1894
Peter's Colors, Inc.	Pedro Falcones	PO Box 223402	West Palm Beach	FL	334422	561-967-1364
Refinish Masters, Inc.	William Leon	3846 Ming Tree Dr.	New Port Richey	FL	34652	727-858-4974
Sander Enterprises, d/b/a Colors on Parade	Sean Sander*	1811 Englewood Rd #271	Englewood	FL	34223	941-391-2672
Sills Industries Inc & Clear Car Shield, Inc.	Aaron Sills*	6586 Hypoluxo Road, Suite 102	Lake Worth	FL	33467	561-306-7939
Tampa Auto Interiors, Inc.	Mike Maldonado	3941 Washburn Place	Wesley Chapel	FL	33543	561-635-9449
Unlimited Colors of the Gulf Coast	David Jandran*	1459 E Redpoll Trail	Hernando	FL	34442	352-207-0074
Wild About Colors, Inc.	Donn Patterson	7839 Radcliffe Circle	Port Richey	FL	34668	727-495-3333
Windy City Colors, Inc.	Phillip Grossman*	6128 Edwards Road	Margate	FL	33063	954-682-5474
	Gabriel Falcones	3795 Redman Parway	Boynton Beach	FL	33436	561-275-9987
J.G. Details, Inc.	Javier Gonzalez	424 Hunter St.	West Palm Beach	FL	33405	(561) 541-6931
	Daniel Dennison	5820 SW 13th St	Plantation	FL	33311	865-924-0266
Dent Pro	Arthur Leeper*	PO BOX 8721	Columbus	GA	31904	706-582-3756
Stewart - 489	Gregory Stewart	15257 Georgia Highway 85	Waverly Hall	GA	31831	706-580-1270
Tru Colors Inc.	Kent Hilton	5875 Lakeshore Rd.	Buford	GA	30518	770-843-7003
	Cary DeRosa*	111-A Hekili St.	Kailua	HI	96734	808-478-3382
	Robert Lichter	150 Hamakua Drive, PMB 771	Kailua	HI	96734	808-478-0173
ICCS, Inc.	Josh Hatori	534 Ulumawao Street	Kailua	HI	96734	808-330-7016
Tradewind Colors, Inc.	Jason Steele	520 Lunalino Home Road, Unit 6213	Honolulu	HI	96825	808-306-9806

J.E.A. Enterprises Inc,	Scott Mink*	2002 W. Main Street Suite N	Saint Charles	IL	60174	847-857-0776
Southern Sweeping, Inc.	Greg Maley*	2240 Nashville Rd.	Russellville	KY	42276	270-726-1066
	Clay Richards	1713 Giaise St	Marrero	LA	70072	504-616-0841
Patrick Faciane	Patrick Faciane	33266 Idlewild Pines Rd	Slidell	LA	70460	972-203-6343
Touch of Colors	Douglas Zalenski*	1059 Peninsula Drive	Slidell	LA	70460	985-960-0511
	Nhat Nguyen	98 Bamboo Road	LaPlace	LA	70068	985-652-8933
Colorific	Carl Bolden	4504 Harvest Rd.	Temple Hills	MD	20748	301-423-5418
Colors MD PA, Inc.	Mike Quinn*	5401 Mt. Gilead Rd.	Reisterstown	MD	21136	410-429-0939
Master Match, Inc.	Del Browning	7702 Carter Road	Sykesville	MD	21784	443-807-3648
Mr. Mark C. Hackett	Mark Hackett	13171 Backbone Road	Prince Anne	MD	21853	443-994-2101
BC&S Enterprises Inc	Bob Sizemore*	12924 Rosedale St.	Southgate	MI	48195	239-229-6828
PGR Inc.	Gordon McElroy*	1427 Progress	Lincoln Park	MI	48146	313-363-5425
PGR Inc.	Roger Fleming*	926 Sycamore	Wyandotte	MI	48192	734-281-0439
Blue Ridge Dent Removal	Sam Killen	PO Box 7522	Wilmington	NC	28406	910-520-9898
Eric Lind	Eric Lind	3525 Catlett Farm Rd	Wake Forest	NC	27587	919-971-2468
Freddy White	Freddy White	729 Cindas Lane	Greenville	NC	27834	252-714-2412
Image Tech, Inc.	Cecil Johnson	95 Hooten Dr.	Timberlake	NC	27583	336-364-3019
L. D. Lind, Ltd.	Lloyd Lind*	5529 Watkins Road	Wendell	NC	27591	919-266-1989
Mobile Kolors Ent. Inc.	Darren Kopf	1535 Caraleigh Mills Ct., Apt. 113	Raleigh	NC	27603	919-649-6152
	Alex Febles-Gomez	836 Marie Park Dr. Ne	Albuquerque	NM	87112	505-702-9613
	Jeromy Montoya	8919 Ashton Loop NE	Albuquerque	NM	87122	505-818-8974
	Miguel Munoz	5717 La Corrida Road NE	Albuquerque	NM	87110	505-573-1229
	William Raines	1207 E 25th Street	Farmington	NM	87401	505-258-6013
Caleb Scheffing	Caleb Scheffing	2001 Glade Road	Farmington	NM	87401	505-419-3368
	Robert Silva	6501 Mountain Hawk Loop NE	Rio Rancho	NM	87144	(630) 450-3983
	Dustin Friday	5772 Night Whisper Rd	Albuquerque	NM	87114	(309) 209-0103
	Brent Marriott	22 Jonesville Rd	Preston Hollow	NY	12460	518-947-9474
	Bryan Moss	276 Temple Hill rd. #2216	New Windsor	NY	12553	865-235-6749
	Christopher Hilton	1429 Route 9, Apt. 9	Tivoli	NY	12583	864-593-2143
	Rolando Jose Flores	285 Old Glenmont Rd	Glenmont	NY	12077	518-451-9865
	Steven Cannon	124 Mohawk St.	Fort Jervis	NY	12771	914-474-8695
Auto Buffs, Inc.	Rollin Truitt*	1611 Mogul Drive	Mohegan Lake	NY	10547	914-879-1123
Auto Glow Inc.	David Lee*	320 West Hartsdale Ave.	Hartsdale	NY	10530	914-428-8403
Auto Werx Inc.	Jody Hoffman	10 Crest Drive	White Plains	NY	10607	914-761-1133
Kenny Ostrom	Kenny Ostrum	288 Echo Road	Bloomingburg	NY	12721	845-741-7549
Luke Dygert	Luke Dygert*	17A Ferrara Ave	Schenectady	NY	12304	914-382-2143
Paul Mariani	Paul Mariani	700 Scarsdale Ave.	Scarsdale	NY	10583	914-494-3147
Pedro Lopez	Pedro Lopez	72 Shoreview Drive, Apt#2	Yonkers	NY	10701	914-361-1059
Profile Lake Inc.	Peter Lawrence*	16 Merritt Ave	White Plains	NY	10606	914-523-9324
Steve Gannecilli	Steve Gannecilli	5 State St.	New Rochelle	NY	10801	914-557-7693
	Brett Clark	PO Box 1566	Purcell	OK	73080	405-694-7435
	Luke Nicholson	112272 South 4670 Rd	Gans	OK	74936	903-277-7445
	Ti Dunaway	511 Medow Lake Drive	Noble	OK	73068	405-408-5079
	Danny Clark*	183 Mallard Row	Goldsby	OK	73093	505-892-6902
	Ryan Clark	183 Mallard Row	Goldsby	OK	73093	(501) 762-2974
	Ericka Ramirez	3615 NW 22nd	Oklahoma City	OK	73107	(405) 371-0057
	Eric Tran	800 Timberton Rd Apt. M9	Phoenixville	PA	19460	484-366-5757
	Tim Paris	1012 Summer Lane	Pottstown	PA	19465	717-808-3389

Benjamin Moister	Benjamin Moister	544 Gerloff Rd	Schwenksville	PA	19473	610-212-5261
Colors on Parade By Troy	Troy Jones*	653 Central Manor Rd.	Lancaster	PA	17603	717-989-3990
Mark Renfro	Mark Renfro	4 Oak Avenue	Penndel	PA	19047	267-566-8802
	Dan Renninger*	81 Sage Dr	Pottstown	PA	19465	484-354-8221
	Chris Grissom	105 Catalina Drive	West Columbia	SC	29170	803-309-6506
	Dale Dolbee	317 Winford Ct	Moncks Corner	SC	29461	843-810-7027
	Daniel Hartness	419 Koon Store Rd	Columbia	SC	29203	803-309-3432
	JM Chaisson	911 Cox Ferry Circle	Conway	SC	29526	843-997-8691
	Joel Lyons	360 Camelot Dr	Goose Creek	SC	29445	843-952-3332
	Matt Eline	7901 Beach Drive	Myrtle Beach	SC	29572	843-855-8024
	Nathan Garlington	112 Glenwood Rd	Chapin	SC	29036	803-944-0021
	Russ Boatwright	1243 Riverside Dr	Conway	SC	29526	803-457-8899
Art Blosser	Art Blosser	148 Robin Rd	Lexington	SC	29073	803-348-5506
Denis M Kerr	Dennis Kerr	104 Golding Lane	Goose Creek	SC	29445	843-670-4749
JBS Inc.	Jason Stocks	5856 Bluewater Road	Conway	SC	29526	843-397-0946
Jim Cameron	James Cameron	304 Stockland Rd	Irmo	SC	29063	803-351-2964
Joshua Cameron	Josh Cameron	108 Botany Drive	Irmo	SC	29063	803-528-3937
Michael Cameron II	Mike Cameron II*	211 Torrington Rd	Irmo	SC	29063	803-351-2965
Michael K Pierce II.	Michael Pierce	124 Gaines Mill Dr	Summerville	SC	29483	843-670-9624
Mobile Match Inc.	Paul Hansmeyer	409 Springfield Road	Pawleys Island	SC	29585	843-241-8789
Precision Auto Blends, LLC	Michael Cameron	1024 St Johns Road	Irmo	SC	29063-9647	803-309-4792
Robert A Chace Jr.	Robert Chace	205 Char Oak Drive	Columbia	SC	29212	803-351-8091
WNC - ART, INC.	Stephen Hughes*	226 Ruby Street	Summerville	SC	29483	843-297-0078
	John Chaisson*	125 Daytona St.	Conway	SC	29526	843-347-8818
	Jonathan Bolton	1047 Cobblestone Blvd	Summerville	SC	29483	843-725-8104
	Alphonse Rondinone	507 Pink Dogwood Lane	Ameriville	TN	37803	855-659-3932
A Plus Paints	Keith Arrington	1010 Countrywood Dr.	Hendersonville	TN	37075	615-390-1428
Barz - 340	Charles Barz	34 East Herron Avenue	Jackson	TN	38301	731-431-2699
Chad Dennison	Chad Dennison*	1207 Grant Street	Alcoa	TN	37701	865-556-3004
Dennison - 348	Clarence Dennison	1537 Johnathan Dr.	Louisville	TN	37777	865-254-1530
Freeman - 137	Terry Freeman	1430 Wall St.	Murfreesboro	TN	37130	615-890-1314
Jeff Smith	Jeff Smith	522 Woodland Hills Dr.	La Vergne	TN	37086	615-793-5697
John Ranfranz	John Ranfranz	P.O. Box 21634	Chattanooga	TN	37424	423-531-2784
Justin Sloan	Justin Sloan*	4208 Green Shanty Road	Ooltewah	TN	37363	423-505-1694
Mix To Match Inc.	Russel Critchlow	1023 College Avenue	Bristol	TN	37620	423-754-4746
	Neftali Soria	2708 Woodbine Ave	Knoxville	TN	37914	(865) 206-3109
	Ben Critchlow	1716 Kim Watt Dr	Knoxville	TN	37909	(865) 603-3115
	Glenn Davis	1260 Hampton Rd.	Paris	TX	75462	903-445-5583
	Loren Tunnicliffe	609 Boca Chica Dr.	Cedar Park	TX	78613	512-636-9575
	Rodney Copeland	20825 S. W. Freeway	Sugarland	TX	77479	713-382-7918
Alfredo Guerrero Jr.	Alfredo Guerrero	2403 Santa Cruz Dr.	Dallas	TX	75227	214-507-7405
Andrew Gilliam	Andrew Gilliam	2211 Lakefield Dr	Houston	TX	77018	281-861-0101
Brad Platt	Brad Platt*	2801 Richmond Rd #187	Texarkana	TX	75503	903-277-8335
Colby Reed	Colby Reed	1469 County Rd. 44100	Powderly	TX	75473	903-249-6741
Color Specialties	Landon Rist	20619 Azalea Chace Dr.	Richmond	TX	77406	832-451-6618
Corey Davis	Corey Davis	602 Krista Street	Longview	TX	75604	903-445-4641
D. Sherwood Enterprises, Inc.	Don Sherwood	2112 Stehle Rd.	Rosenberg	TX	77471	281-748-3913
Daniel J. Abrams	Daniel Abrams	1118 Lark Lane	Richmond	TX	77469	281-202-5917
	Steven Fink	25130 Lynbriar lane	Spring	TX	77373	(713) 492-3980
Hottensen - 456	Paul Hottensen	20519 Terra Springs Dr.	Katy	TX	77449	281-579-6285
Jordan Tech of Texas	Timothy Jordan	3737 Atwell Street, Suite 107	Dallas	TX	75209	469-502-1129
Michael Jones	Michael Jones	404 S. Benge Street	McKinney	TX	75069	214-564-7888
Mike Hawkins	Mike Hawkins	2400 Aquaduct Dr.	Bedford	TX	76022	469-222-3000
Murphy	Robert Murphy	18330 Rittenhouse Park Ct	Spring	TX	77379	832-721-3523

Prater Automotive Company	Terry Prater*	1004 Sundance Ridge	Dripping Springs	TX	78620	512-923-2984
Richard Joel Cruz	Joel Cruz	7826 Calladega Springs Lane	Richmond	TX	77407	832-230-7302
Travis Fink	Travis Fink	24130 Rocky Brook Falls	Tomball	TX	77375	281-797-9777
	David Jordan*	3737 Atwell Street, Suite 107	Dallas	TX	75209	972-896-5862
	Steve Gilliam*	124 Park Way	Montgomery	TX	77356	832-867-6942
Simmons/Knottenbelt	Tammy Simmons	8800 Grape Cove	Austin	TX	78717	703-403-8818
Simmons/Knottenbelt	Joe Knottenbelt	8800 Grape Cove	Austin	TX	78717	703-403-8818
	Joseph Honigschmidt	326 Peach Street, Apt T	Denton	TX	76209	352-630-9358
	Jason Chewning	2626 Pinecrest Drive	Vinton	VA	24179	540-312-3153
	Ken Hash	1209 Greenhurst Ave NW	Roanoke	VA	24012	540-588-7919
Dent Removal Masters	Beverley James	4536 Fontaine Dr. S.W.	Roanoke	VA	24018	540-354-2300
Eric Rickard	Eric Rickard	1910 Pollock St.	Fredericksburg	VA	22405	540-226-3988
Glenn Buck	Glenn Buck	9329 King George Dr.	Manassas	VA	20109	703-932-0061
James (Bryce) Mason	James Mason	6344 Chimneywoods Ct.	Alexandria	VA	22306	703-357-6307
Mobile Auto Body & Paint Inc.	Barker/ Klimchuk*	1166 Thoroughbred Crossing	Bedford	VA	24523	540-314-9113
On Site Limited / PTK Inc.	Barker/ Klimchuk*	3401 Rosewood Ave SW	Roanoke	VA	24015	540-389-4217
Rob Campbell	Robert Campbell	3349 Brandywine Ave.	Roanoke	VA	24018	540-314-9103
Running Colors, Inc.	David Klimchuk	1072 Monolith Lane	Forest	VA	24551	540-353-8882
Scott Hampton	Michael Hampton	1950 Jones Ridge Road	Axton	VA	24054	276-650-2782
Steven Hunter	Steven Hunter	1519 Millwood Dr.	Salem	VA	24153	540-314-9132
Tint Tech	James Roesner	2340 Horsley Drive	Richmond	VA	23233	804-513-7720
	Jeff Martin*	13290 Catharipin	Gainesvillle	VA	20155	703-675-5950
	Brandon Morgan	50 Harmony Lane	Martinsville	VA	24112	
	Masood Ahmadi	14720 Deming Dr., Apt 303	Gainesville	VA	20155	(571) 598-2390
Area Developers denoted by * after their name.						

EXHIBIT F

FORMER FRANCHISEES

Contact	Company	Address	City	State	ZIP Code	Phone
Terry Beiriger*		2780 Royal Park Dr	Cameron Park	AZ	95682	916-997-9826
Brandon Esquer		2612 Misson Ave	Carmichael	CA	95608	916-893-8320
Jerry L Upton	Paintworks Etc.	1006 California Street Unit B	Huntington Beach	CA	92648	714-290-5116
Ladd Mostad		2460 Pinnacles Dr	Rocklin	CA	95677	949-303-5119
Jesse Weingardt		8430 S. Upham Way	Littleton	CO	80128	303-241-5137
Kurt Hankey		28743 Columbine Drive	Conifer	CO	80433	303-548-0169
Kortney Everett		475 Westgate Way	Mary Esther	FL	32569	850-796-0223
Stephen Moss	Bumper Guru	31 Ackerson Place	Passaic	NJ	7055	732-309-9433
Jeremy Burghardt		407 Farrow Ct	Moncks Corner	SC	29461	843 608-1708
Charles Wells		162 Weaver Dr	Lexington	SC	29073	803-414-0207
James (Jim) Flippen	JAC Business Group, Inc.	5802 Havenwoods Dr.	Houston	TX	77066	713-502-3342
Joshua Copeland		839 Sunshine Medley	Richmond	TX	77469	281-394-0107
Mark Stefanski		13345 Winterhaven Drive	Farmer's Branch	TX	75234	972-955-1006
Scott Clark		15500 Cutten Rd.	Houston	TX	77070	505-217-5661
Oscar Quinjano		9121 Ipswich Bay Dr	Austin	TX	78747	512-769-0483
Fred Morales		1306 Alamo Ave	Richmond	TX	77469	832-455-5310
Ben Brown		2005 Kingsway Dr	Cypress	TX	77429	505-217-5661
RJ Perri		633 Strawberry	Salem	UT	84653	435-659-5361
Donna Cooper		1575 Gordon Ave	Roanoke	VA	24014	540-314-9107
Roger Wayne Sizemore		1610 S. Colorado St	Salem	VA	24153	540-314-9106

EXHIBIT H

GENERAL RELEASE

RELEASE

This **RELEASE**, dated as of the last date set forth on the signature page hereof ("Release"), is made by and between Total Car Franchising Corporation, a South Carolina corporation with offices located at 25 Daytona Street, Conway, SC 29526 ("Franchisor"), and the undersigned person or entity ("Franchisee").

Background

A. Franchisor and Franchisee have entered into a Franchise Agreement dated _________ for a franchised business located at ___________ (the "Agreement").

B. Franchisee desires to [transfer] [renew] its franchise rights and Franchisor agrees to consent to such [transfer] [renewal], subject to the conditions contained herein.

NOW THEREFORE, incorporating the foregoing Background herein by reference and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Termination of Agreement. Franchisor and Franchisee agree and acknowledge that the Agreement is hereby immediately terminated and shall be of no further force or effect.

2. Conditions. This Release is expressly contingent upon the execution [by the transferee][by Franchisee], concurrently with the execution of this Release, of Franchisor's current form of franchise agreement for the operation of a franchised business at ___________ [and such other documents as the Franchisee and transferee have agreed upon and Franchisor has approved in connection with such transfer]. The franchise agreement described in this paragraph includes any ancillary agreements contained in Franchisor's current franchise disclosure document.

3. Release.

(a) Franchisee, to the fullest extent permitted by law, hereby forever releases and discharges Franchisor and waives any and all rights or Claims it has, may have, had, or may have had against Franchisor, its affiliates and each of their officers, directors or employees from the beginning of time until the date of this Release, of any kind, whether known or unknown, including but not limited to any Claims arising under or related to the Agreement.

(b) As used in this paragraph 3, "Claims" means any and all manner of actions, causes of action, suits, debts, dues, sums of money, account reckonings, bonds, bills, specialties, covenants, contracts, controversies, sanctions, costs, attorneys' fees, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, of whatever kind or nature, whether absolute or contingent, known or unknown, matured or unmatured, at law, in equity, or in any other proceeding.

(c) Nothing contained in this paragraph 3 is intended to affect the rights and responsibilities of the parties under any of the agreements described in paragraph 2 or any agreements between the parties which may be executed concurrently herewith.

4. Representations and Warranties. Franchisee represents and warrants to the Franchisor as follows:

(a) The execution and delivery of this Release does not violate (i) any law applicable to Franchisee; (ii) Franchisee's organizational documents; or (iii) any other agreement binding upon Franchisee.

(b) Franchisee has the power and authority to execute and deliver this Release and has taken all necessary action (corporate or otherwise) to authorize the execution and delivery of this Release.

5. Miscellaneous.

(a) This Release shall be construed in accordance with and governed by the laws of the State of South Carolina, without regard to its conflict of laws rules.

(b) This Release constitutes the sole agreement of the parties with respect to the subject matter hereof and thereof and supersedes all oral negotiations and prior writings with respect to the subject matter hereof and thereof. No amendment of this Release, and no waiver of any one or more of the provisions hereof shall be effective unless set forth in writing and signed by the parties hereto.

(c) This Release (i) shall be binding upon the parties hereto and, where applicable, their respective heirs, executors, administrators, successors and permitted assigns, and (ii) shall inure to the benefit of the parties hereto and, where applicable, their respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF, the parties have caused this Release to be signed by their duly authorized representatives.

TOTAL CAR FRANCHISING CORPORATION	______________________
By: ______________________	By: ______________________
Name: Jeff Cox	Name: ______________________
Title: President & CEO	Title: ______________________
Date: ______________________	Date: ______________________

EXHIBIT I

CALIFORNIA ADDENDUM TO TOTAL CAR FRANCHISING CORPORATION FRANCHISE DISCLOSURE DOCUMENT

**CALIFORNIA STATE SPECIFIC ADDENDUM TO
TOTAL CAR FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

The following Addendum modifies the Franchise Disclosure Statement with respect to Franchises offered for sale or sold in the State of California, as follows:

"THE CALIFORNIA FRANCHISE RELATIONS ACT REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT."

a. The franchisor, any person or franchise broker in Item 2 of the FDD is not 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 such association or exchange.

b. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

c. 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.).

d. 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.

e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

f. The franchise agreement requires binding arbitration. The arbitration will occur in California.

g. The franchise agreement requires application of the laws of the State of South Carolina. This provision may not be enforceable under California law.

h. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

i. You must sign a general release of claims 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).

j. 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 BUSINESS OVERSIGHT at www.dbo.ca.gov.

k. The earnings claims figures contained in Item 19 of the FDD do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Colors On Parade franchised business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

EXHIBIT J

ADDENDUM TO FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO OPERATOR FRANCHISE AGREEMENT

The following Addendum modifies the Franchise Agreement with respect to Franchises offered for sale or sold in the State of California:

1. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and you open for business.

2. The following restrictive covenant shall replace Article 5.6 subsection (b) in your Franchise Agreement, and this covenant controls:

> **(b)** **Post Term:** The parties herein agree that as a California franchisee you will establish goodwill held jointly by you and by us in the accounts that you service, and in your designated Territory. As such, we have tendered to you $500, which you agree that you will hold in your business operating account, for the purchase of your portion of established goodwill in your territory in the event of your termination for any reason. If your franchise expires or is terminated you agree that you shall then use the $500 we have tendered to you as complete and full payment of the goodwill associated with your business and its territory and further you agree that you shall not, pursuant to California Business Code 16601, except as otherwise approved in writing by us, for a continuous uninterrupted period commencing upon the expiration or any earlier termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years, either directly or indirectly, for yourself or through, on behalf of or in conjunction with any person or entity:
>
> > **(i)** own, maintain, engage in the Core or Authorized services, or have any interest in any business which is located or operated in the Territory and which is engaged in any of the Core or Ancillary Services; or
> >
> > **(ii)** employ or seek to employ any person who is at that time or was at any time within the immediate past twelve (12) months employed by us or any of our other operator franchisees or Area Representatives, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment with us or any such other franchisee.
>
> If you refuse voluntarily to comply with these obligations, the two-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision.
>
> **(c)** **No Defense.** You acknowledge that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants contained in this Section 5.6.
>
> **(d)** **Injunctive Relief.** Your failure to comply with any requirement of this Section 5.6 will cause us irreparable injury for which no adequate remedy at law may be

available. Accordingly, in such event, we shall be entitled to seek injunctive relief prohibiting any conduct by you in violation of the terms of this Section 5.6, and no bond shall be required in order to implement any injunction so issued.

(e) **Survival.** The provisions of this Section 5.6 shall survive the expiration or any earlier termination of this Agreement.

(f) **Blue-Pencil.** You agree that, to the extent that a court may find any provision of the restrictive covenants to be contrary to law, the Court or arbitrator(s) shall undertake to modify the restriction to be enforceable in accordance with the Court or arbitrator's application of the applicable law. In essence, the Court or arbitrator shall be free to "blue-pencil" the agreement to ensure enforcement.

THIS ADDENDUM TO FRANCHISE AGREEMENT is executed under seal this _______ day of ______________, 201__ by the undersigned.

FRANCHISEE:

____

By: _______________________________

Title: _____________________________

Date: _____________________________

TOTAL CAR FRANCHISING CORPORATION

By: _______________________________
Name: Jeff Cox
Title: President & CEO
Date: ____________________

<u>EXHIBIT K</u>

RECEIPTS

Receipt
(YOUR COPY)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If TCFC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If TCFC does not deliver this Franchise Disclosure Document to you 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 agencies listed in Exhibit A.

The franchise seller is Jeff Cox and/or ______, Total Car Franchise Corporation, 125 Daytona Street, Conway, SC 29526; telephone number 800-929-3363.

Issuance Date: May 1, 2018

TCFC authorizes the agents listed in Exhibit B to receive service of process for it.

I have received a [ ] paper or [ ] electronic copy of a Total Car Franchising Corporation Franchise Disclosure Document issued on May 1, 2018. This Franchise Disclosure Document included the following Exhibits:

Exhibit	**Title**		
A	State Administrators and	G	Financial Statements
B	Agents for Service of Process	H	General Release
C	Operator Franchise Agreement	I	California Addendum FDD
D	Table of Contents of Operations Manual	J	California Addendum to Franchise Agreement
E	Current Franchisees		
F	Former Franchisees		
		K	Receipts

Dated: ______________________

Franchisee
Signature ______________________ (If an Individual)
Print Name ______________________

Name of Franchisee ______________________ (If an Entity)
Authorized Signature ______________________
Title ______________________

Receipt
(OUR COPY)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If TCFC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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E	Current Franchisees		
F	Former Franchisees		
		K	Receipts

Dated: ______________________

Franchisee ______________________
Signature ______________________ (If an Individual)
Print Name ______________________

Name of Franchisee ______________________ (If an Entity)
Authorized Signature ______________________
Title ______________________