

**FRANCHISE DISCLOSURE DOCUMENT
(UNIT FRANCHISE)**

TOTAL CAR FRANCHISING CORPORATION

A South Carolina Corporation
125 Daytona Street, Conway, SC 29526
1-800-7COLORS

www.colorsonparade.com



As a unit franchisee, you will provide fixed site and/or mobile transportation-related repairs, reconditioning and/or restoration services, including but not limited to paint repair, paintless dent removal, headlight, wheel and interior restoration and repairs, on automobiles, trucks, planes and/or other transportation-related equipment in a designated territory.

The investment necessary to begin operation of a unit franchise ranges from \$26,450 to \$97,500. This includes \$15,727 to \$53,727 that must be paid to the franchisor or its affiliates.

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 800-7COLORS.

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.

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

Date of Issuance: April 1, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in South Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in South Carolina than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” to see whether your state requires other risks to be highlighted.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor. Total Car Franchising Corporation (“TCFC”) is a South Carolina corporation that was incorporated on September 17, 1991. TCFC is sometimes referred to in this franchise disclosure document as “we” or “us”. We do business as Total Car Franchising Corporation and under the “COLORS ON PARADE” and/or “CarLove” marks (the “Marks”). Our 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 US, 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.

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.

Affiliates. We do not have any affiliates that provide products or services to our franchisees.

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

The Franchise Offered. We offer a Unit 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 (1) motor vehicle paint repair and refinishing services, including exterior paint repair and refinishing, (2) paintless dent removal services, (3) interior repairs, and/or (4) other repair or reconditioning services (“Services”) under the Marks.

A Colors on Parade Unit Franchisee (“Unit Franchisee” or “Franchisee”) provides one or more of the Services within a defined territory (the “Territory”) under a Unit Franchise Agreement. The current form of the Unit Franchise Agreement is attached to this franchise disclosure document as Exhibit C. A Unit Franchisee operates one or more operating units, each of which consists of a certified Colors on Parade® truck, trailer or van with proprietary mobile laboratory (an “Operating Unit”). A Unit Franchisee receives assistance and advice from us and/or a Colors On Parade area representative franchisee designated by us (“Area Representative”). We compensate the Area Representative for assisting you by sharing with the Area Representative a portion of the monthly royalty fees that you pay to us.

We also offer an Area Representative franchise in a separate FDD as a separate line of business. We do not grant management responsibility to an Area Representative and Area Representatives are not authorized to offer or sell franchises.

We have conducted a business of the type to be operated by you since November 1991 and began offering Unit Franchises (which were formerly called “Limited Rights Franchises” or “Operator Franchises”) in November 1991.

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 Operating Unit. 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 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.

Chance Clark: Compliance Director

Mr. Clark was appointed Compliance Director in January 2022. Previously, he was a self-employed paint technician from May 2012 to October 2018 and has been a Colors On Parade franchisee since November 2018.

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 been a Colors On Parade Trainer since July 2007.

Tessa Hall: Marketing Director

Ms. Hall was appointed Marketing Director in December 2022. She has also been a Colors On Parade area representative franchisee since November 2021. From May 2020 to December 2022, Ms. Hall was Vice President – Marketing Digital Development for Digital Logic, Shreveport, LA; from August 2018 to November 2019, she was Director of Digital Sales and Operations for KTBS, Shreveport, LA; and from 2017 to August 2018, she was a Territory Sales Executive: Data & Media for CoStar Group, Washington, DC.

Daniel Billingsley: Director of Operations

Mr. Billingsley became our Director of Operations in June 2020. Mr. Billingsley has a Colors On Parade Area Representative Franchisee for the Northwest Arkansas area since January 2016 and a Colors On Parade Unit Franchisee in the Northwest Arkansas area since December 2006.

Joey Riotto: Franchise Administrator

Mr. Riotto was appointed franchise administrator in December 2022. He has also been self-employed in connection with the sale and coordination of windshield replacements across the State of South Carolina since January 2018.

Brandon Lane: Director of Business Development

Mr. Lane was appointed Director of Business Development in February 2024. Prior to his appointment as our Director of Business Development, he was a senior business development representative for SOCi Inc., Colorado Springs, CO, from April of 2022 through February of 2024, a Community Manager for Echelon Property Group, Colorado Springs, CO, from February 2021 through April 2022, and worked for RealPage, Colorado Springs, CO, in two different roles, a Solutions Consultant and a Corporate Account Sales Executive, from January 2018 through January 2021.

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 \$7,500, however, the Initial Franchise Fee will be reduced to \$2,500 if you have received at least full three months of training by another qualified Colors On Parade franchisee and successfully complete our 3-day certification course and the Initial Franchise Fee will be reduced to \$5,000 if you have previous experience or tech school training acceptable to us and successfully complete the certification course. In addition, the Initial Franchise Fee will be reduced by 30% for an active member or veteran of any branch of the US armed services. You pay the Initial Franchise Fee to us upon your execution of the Franchise Agreement. The Initial Franchise Fee includes all of the services that you wish to offer and have been trained to provide, is uniform with respect to all new Unit Franchisees and is non-refundable.

Equipment Set-up Fee. Unless you purchase equipment for paint repair and refinishing or paintless dent repair from a third party, we will provide you with all equipment required for each Service that you wish to provide for an Equipment Set-up Fee. The Equipment Set-up Fee for each Service is as follows:

<i>Type of Service</i>	<i>Set-up Fee</i>
Paint repair and refinishing	\$24,500
Paintless dent removal	\$13,500
Interior repair	\$ 8,227

You pay the Equipment Set-up Fee to us when we have satisfied all of our pre-opening obligations to you under the Franchise Agreement, prior to the delivery of the equipment and before the business commences operations. We will deliver the equipment to you upon the completion of the Initial Training Program.

You may also elect to purchase used equipment from us or a third party, subject to availability and provided that it meets our specifications, instead of new equipment for paint repair and refinishing or paintless dent repair. The cost of used equipment is approximately \$10,000 for paint repair and refinishing services and \$4,000 for paintless dent repair.

Financing options may be available through our strategic partners, contingent upon your credit.

All fees are uniformly imposed on all new Unit Franchisees and are non-refundable.

We do not offer financing for any of these fees. See Item 10.

Item 6

OTHER FEES

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty (1)-(3)	20%-30% of Gross Sales	Payable on the 20 th day of each month, based upon the previous month's Gross Sales	Gross Sales is defined in footnote 1 below.
COPFAC Dues	\$12.84 per month	Payable on the 20 th day of each month	The COPFAC Dues are for your membership in the Colors On Parade Franchise Advisory Council (COPFAC). The COPFAC Dues will be collected by us and paid on your behalf to COPFAC. The COPFAC Dues will increase as of January 1 st of each year, commencing January 1, 2026, based on the annual change in the CPI-U index published monthly on the www.bls.gov website.

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Audit	Actual costs and expenses of audit or review, including salary or fees paid to employees or accountants	Upon demand	Payable if an audit or review shows that you have underreported your Gross Sales.
Renewal	50% of the then-current Initial Franchise Fee at the time of renewal (but in no event less than \$3,750)	Prior to renewal	Other requirements must be met in order to renew.
Transfer (4)	\$1,000	Prior to transfer	Other requirements must be met in order to transfer.
Training Surcharge	Amount of the Initial Franchise Fee	Upon demand	If you lack sufficient training or fail to complete the Initial Training Program or other approved training within six (6) months.
Liquidated Damages (5)	The greater of \$25,000 or 30% of your Gross Sales for the 12-month period prior to termination.	Upon demand	Payable 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.
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.

NOTES:

1. "Gross Sales" is defined as any and all revenues from any and all repair and reconditioning services that you provide and/or from managing the provision of any such service by a third party, 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 invoice for your Gross Sales and authorize us or an Area Representative that we designate (the "*Collections Agent*") to collect your Gross Sales. We or the Collections Agent will pay you the amount of the Gross Sales collected, less the Royalty, COPFAC Dues and any other fees or charges payable by you to us or the Area Representative, within 20 days after they are collected. Subject to the performance incentive plans described below, if applicable, or another performance incentive

program offered by us or the Area Representative and accepted by you, the Royalty is 30% of Gross Sales.

3. Provided you are in full compliance with all of the provisions of the Franchise Agreement and the Manual, you may choose our standard performance incentive plan or an alternative incentive plan approved by us, if available in your area. Under our standard performance incentive plan, if applicable, and subject to annual adjustments, as provided below, you will receive a performance incentive (“*Performance Incentive*”) for each month that your Gross Sales exceed \$14,999):
 - (a) If your Gross Sales for the month are between \$15,000 and \$19,999, 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 between \$20,000 and \$24,999, 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 between \$25,000 and \$34,999, 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 exceed \$35,000, you will receive a Performance Incentive in an amount equal to 10% of your Gross Sales for the month.

We may, in our sole discretion, after consultation with COPFAC, increase the Gross Sales requirements set forth above, effective as of January 1st of each year following the effective date of your Franchise Agreement (an “*Adjustment Date*”), by an amount up to the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published monthly by the United State Bureau of Labor Statistics during the 12-month period ended November 30th of the calendar year prior to each Adjustment Date.

If you choose an alternative incentive plan approved by us, if available in your area, the performance criteria will be specified in that plan.

Any performance incentives that you earn will be paid 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 your spouse or child(ren) or to an entity owned 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 (12) months prior to termination.

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

Item 7

ESTIMATED INITIAL INVESTMENT

UNIT FRANCHISE - PAINT REPAIR AND REFINISHING SERVICES					
YOUR ESTIMATED INITIAL INVESTMENT					
<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is Made</u>
	<u>Low</u>	<u>High</u>			
Initial Franchise Fee (1)	\$7,500	\$7,500	Lump sum	When you sign the Franchise Agreement	Us
Vehicle (2)	\$5,000	\$35,000	As arranged by you	As arranged by you	Vendor
Laptop Computer & Printer	\$300	\$2,000	As arranged by you	Before opening	Vendors
Equipment (3)	\$10,000	\$24,500	Lump sum	30 days before the first day of the Initial Training Program	Us or third parties
Insurance (4)	\$300	\$6,000	Down payment	Before opening	Insurance companies
Travel and living expenses while training (5)	\$1,500	\$6,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Miscellaneous opening costs	\$250	\$1,500	As arranged	Before opening	Vendors
Additional funds – 3 to 6 months	\$2,000	\$15,000	As incurred by you	As incurred	Vendors, suppliers, etc.
Totals (6)(7)	\$26,850	\$97,500			

UNIT FRANCHISE - PAINTLESS DENT REMOVAL SERVICES YOUR ESTIMATED INITIAL INVESTMENT					
<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
	<u>Low</u>	<u>High</u>			
Initial Franchise Fee (1)	\$7,500	\$7,500	Lump sum	When you sign the Franchise Agreement	Us
Vehicle (2)	\$5,000	\$24,000	As arranged by you	As arranged by you	Vendor or third parties
Laptop Computer & Printer	\$300	\$2,000	As arranged by you	Before opening	Vendors
Equipment (3)	\$4,000	\$13,500	Lump sum	30 days before the first day of the Initial Training Program	Us or third parties
Tools	\$1,600	\$2,000	As incurred	As incurred	Vendors, suppliers, etc.
Insurance (4)	\$300	\$4,000	Down payment	Before opening	Insurance companies
Training	\$4,000	\$4,000	As arranged by you	Before opening	Vendors
Travel and living expenses while training (5)	\$1,500	\$6,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Miscellaneous opening costs	\$250	\$1,500	As arranged by you	Before opening	Vendors
Additional funds - 3 to 6 months	\$2,000	\$15,000	As incurred	As incurred	Vendors, suppliers, etc.
Totals (6)(7)	\$26,450	\$79,500			

UNIT FRANCHISE - INTERIOR REPAIRS YOUR ESTIMATED INITIAL INVESTMENT					
<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is Made</u>
	<u>Low</u>	<u>High</u>			
Initial Franchise Fee (1)	\$7,500	\$7,500	Lump sum	When you sign the Franchise Agreement	Us
Vehicle (2)	\$5,000	\$24,000	As arranged	As arranged	Vendor or third party
Laptop Computer & Printer	\$300	\$2,000	As arranged	Before opening	Vendors
Equipment (3)	\$8,227	\$8,227	Lump sum	30 days before the first day of the Initial Training Program	Us or third parties
Insurance (4)	\$300	\$4,000	Down payment	Before opening	Insurance companies
Training	\$5,000	\$5,000	As arranged by you	Before opening	Vendors
Travel and living expenses while training (5)	\$1,500	\$6,000	As arranged by you	Before opening	Suppliers of transportation, food and lodging
Miscellaneous opening costs	250	\$1,500	As arranged by you	Before opening	Vendors
Additional funds - 3 to 6 months	2,000	\$15,000	As incurred	As incurred	Vendors, suppliers, etc.
Totals (6)(7)	\$30,077	\$73,227			

NOTES:

1. The initial franchise fee (the “*Initial Franchise Fee*”) is \$7,500, however, the Initial Franchise Fee will be reduced to \$2,500 if you have received at least full three months of training by another qualified Colors On Parade franchisee and are able to successfully complete our 3-day certification course and the Initial Franchise Fee will be reduced to \$5,000 if you have previous experience or tech school training acceptable to us and are able to successfully complete the certification course. The Initial Franchise Fee will also reduced by 30% for an active member or veteran of any branch of the US armed services. The Initial Franchise Fee includes all of the Services that you wish to offer and have been trained to provide.
2. You must purchase or lease a vehicle that meets our specifications, have all required equipment, supplies, tools, and other required items installed in the vehicle by US or an Area Representative we designate, and have the fully-equipped vehicle (an “*Operating Unit*”) inspected and certified by

US or an Area Representative designated by US prior to the Initial Training Program and before you may use it for the operation of the Franchised Business. Financing for the vehicle may be available through vendor sources based on your credit.

3. You may purchase your equipment either from us or a third party or vendor, provided that it meets our specifications. Financing options may be available through our strategic partners, contingent upon your credit.
4. We have, from time to time, negotiated arrangements with insurers, such as State Farm Insurance Company, through McGriff Insurance Services, 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 our best estimate of the initial payment for the minimum coverage required. Each Franchisee is required to provide proof of insurance to US prior to the first day of the Initial Training Program. McGriff Insurance Services and State Farm does not provide US with any payments, rebates, marketing monies or the like if you use McGriff Insurance Services and State Farm to obtain your insurance.
5. You must arrange and pay for all transportation, lodging, meals and wages for yourself and any Authorized Employees. This estimate includes costs of transportation, lodging and meals for one person. An estimate of the travel and living expenses that you will incur while training is disclosed in Item 7 and will vary depending on the distance traveled and the type of accommodations you choose. Training for paint repair and refinishing is provided by US in Conway, South Carolina. Training for paintless dent removal services and interior repairs is provided by approved third parties.
6. The amount that must be paid to the franchisor and/or affiliates ranges from \$15,727 (the \$7,500 initial franchise fee plus \$8,227 for the equipment necessary to provide interior repairs), if you only wish to provide interior repairs, to \$53,727 (the \$7,500 initial franchise fee plus \$24,500 for the equipment necessary to provide paint repair and refinishing, \$13,500 for the equipment necessary to provide paintless dent removal and \$8,227 for the equipment necessary to provide interior repairs), if you wish to provide paint repair and refinishing, paintless dent removal and interior repairs.
7. The figures above are our best estimate for covering your ongoing expenses for approximately three to six (6) months with respect to your operation of a Franchise. You can operate solely from your 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. These figures do not include the Royalty, which is based upon your Gross Sales. Neither we nor any affiliate finance any part of the initial investment.

There are no other material payments that you need to make in order to begin operating your Franchised Business. Any amounts paid to us or our affiliates are not refundable; 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 accounting program designated in the Manual, from time to time, 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. We 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. McGriff Insurance Services and State Farm offer a package program to franchisees that meets all of our requirements, however, subject to the limitations stated above, you may purchase the foregoing insurance coverages wherever you choose. McGriff Insurance Services and State Farm do not provide US with any payments, rebates, marketing monies or the like if you use McGriff Insurance Services 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 US or approved advertising agencies) without receiving our prior written approval.

Equipment, Tools, Products and Supplies

Initially, unless you purchase your equipment, tools and supplies from a third party, we provide you with equipment, tools, supplies, our proprietary mobile lab with the assigned paint related products (which you can only purchase from us) and the initial inventory necessary to perform the Services. The cost of such equipment, tools, supplies and inventory for one Operating Unit is included in the Equipment Set-up Fee. Financing options may be available through our strategic partners, contingent upon your credit.

After you commence operations, you must purchase the required tools, equipment and supplies only from either US or its affiliates or approved suppliers. We provide 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 or their 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 our products, including all products patented or patent pending and all products that are sold with the Colors on Parade® trademark or trade name.

Vehicle

You must purchase or lease a white truck, trailer 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 vendor.

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 vendor.

Purchase Agreements

We have negotiated an agreement with Sherwin Williams, Inc. (“*SW*”) for the purchase of automotive refinishing paint products from SW at purchase prices that are generally more competitive than independent jobber prices. Under the agreement with SW (the “*SW Agreement*”), we will consign initial SW paint setups to new franchisees that choose to purchase their paint re-supply products from SW at no cost to the franchisee so long as the franchisee continues to purchase substantially all of the paint and associated products used in connection with the operation of the Franchised Business from SW. Additionally, paint and associated products will be distributed to franchisees via SW’s network of local automotive paint supply stores. In accordance with the SW Agreement, we will receive from SW a \$25,000 marketing credit each year, a “paints and coatings rebate” in an amount equal to 15% of the total gross sales of paints and coatings by SW to franchisees, an “associate products rebate” in an amount equal to 5% of the total gross sales of associated products to franchisees and a “franchise logo” credit in an amount equal to \$400 for each new franchisee. The SW Agreement will expire after its 5-year term.

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 us or an affiliate, its designee, or suppliers designated or approved by us, or under our specifications.

Approval of other Suppliers

If you wish to use a supplier other than US or the ones approved by US, you may request our approval. All equipment, tools, products or supplies must meet our specifications, which are made available to Franchisees, except where proprietary products are involved. After we receive a written request for approval of a proposed supplier, we may request additional information concerning such supplier and/or may require that the proposed supplier provide a sample for our inspection. After we have received all requested information, we will review the request and decide whether or not to approve it. Factors that we 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 we believe relevant. We will advise you of its decision as soon as practical.

and estimates that requests will take from 30 to 180 days to process after we has received all of the information it requests, depending primarily upon the complexity of the item or items involved. We do 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 our approval of any equipment, tools, products or supplies is subsequently revoked, we will notify you of such revocation in the Manual or other written communications. Our franchisees will have the right to continue to use equipment, tools, products or supplies purchased prior to receipt of such notification. We may also provide notice of revocation of approval to the supplier(s).

None of our affiliates is currently an approved supplier and no officer of us 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 a Unit Franchise. We estimate that purchases you make from us or designated or approved suppliers represents up to 25% of your ongoing costs in operating a Unit Franchise.

During our most recently completed fiscal year ended December 31, 2024, our total revenues from the sale of products (\$338,473) and collection services (\$446,274) to franchisees were \$784,747. This figure represents approximately 23% of our total revenues of \$3,420,015 for that fiscal year. Unit Franchisees are not required to purchase any products or services from us and neither we nor any affiliate derived revenue, rebates or other material consideration based on required purchases or leases by Unit Franchisees during our most recently completed fiscal year ended December 31, 2024.

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

This table 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.

<u>Obligation</u>	<u>Section In Agreement</u>	<u>Item In Franchise Disclosure Document</u>
a. Site selection and acquisition/lease	Not applicable	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

<u>Obligation</u>	<u>Section In Agreement</u>	<u>Item In Franchise Disclosure Document</u>
i. Restrictions on products/services offered	4.1(c), 5.1(c)	Item 8 and 16
j. Warranty and customer service requirements	Not applicable	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	Not applicable	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

If you are unable to finance the full startup costs of a unit franchise, we may, in our discretion, offer you a 10% membership interest in a limited liability company (“*LLC*”) formed by us or a sponsoring franchisee (“*Sponsoring Franchisee*”) for the purpose of purchasing and operating a unit franchise, with the other 90% membership interest in the LLC owned by us or the Sponsoring Franchisee.

Under this scenario, instead of purchasing a unit franchise from us, you will acquire a membership interest in an LLC that has or will purchase a unit franchise from us and operate the franchise in accordance with the provisions of the Franchise Agreement and the Operating Agreement of the LLC (the “*Operating Agreement*”), which governs its management and operations. A copy of the Operating Agreement is attached to this disclosure document as Exhibit D.

The purchase price for your 10% membership interest in the LLC will be an amount equal to the initial franchise fee paid or payable by the LLC under the Franchise Agreement.

Pursuant to the Operating Agreement, we or the Sponsoring Franchisee will act as the Manager of the LLC and you will act its Operating Member.

As the Manager of the LLC, we or the Sponsoring Franchisee will purchase, equip and lease an operating unit and equipment to the LLC and lend \$2,500 - \$10,000 to the LLC for initial working capital, including the organizational costs of the LLC, the initial franchise fee, training fees and other sums payable to us under the Franchise Agreement and any other initial expenses of the business. The loans will be repaid as per the terms of a promissory note executed by the Company.

All of the operating costs of the LLC must be authorized by the Manager.

As the Operating Member of the LLC, you will be responsible for maintaining the operating unit, equipment and materials used by the LLC for the performance of repair work under the Franchise Agreement, providing repair services on behalf of the LLC and ensuring the LLC's full compliance with its obligations under the Franchise Agreement.

The cash receipts of the Company less all cash expenses of the Company and such reserves to meet anticipated expenses as the Manager shall determine from time to time will be distributed on a monthly basis as follows: first, you will receive a priority distribution equal to 40% of the gross receipts of the LLC for the services that you render as the Operating Member of the LLC and then the balance of the net receipts of the LLC will be distributed to the Manager as a management fee.

Under the Operating Agreement, at any time after the business has been in operation, you will have the option to buy the entire 90% interest in the LLC owned by the Manager for a purchase price equal to the outstanding balance of the loans by the Manager to the LLC, with interest, plus any other amounts payable to the Manager, payable upon terms agreed upon by you and the Manager.

The Operating Agreement also provides that, unless you have exercised your right to buy the entire 90% interest in the LLC owned by the Manager, the Manager will have the right to buy back your 10% interest in the LLC, upon demand, in the event that you fail to comply with your obligations under the Operating Agreement, or cause or allow the LLC to be out of compliance with or in default under the Franchise Agreement.

The purchase price for your membership interest in the LLC will be an amount equal to the amount that you originally paid for your interest less any expenses or losses related to your operation of the franchise or your failure to ensure the LLC's full compliance with the Franchise Agreement and/or protect the assets of the LLC, payable within fifteen (15) days of written notification by the Manager that the Manager has exercised of its right to buy back your 10% interest in the LLC.

You will be subject to certain restrictive covenants under both the Operating Agreement and the Franchise Agreement, both during the term of the Operating Agreement and/or the Franchise Agreement and for a period of two years thereafter.

Except as disclosed above, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are 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, we will:

1. Provide you with a copy of the Manual (Section 4.1(a) of the Franchise Agreement).
2. Unless you have received at least three full months of training by a Colors On Parade franchisee or have previous experience or tech school training acceptable to us and are able to successfully complete the certification course, train you to provide paint restoration services. At your option, we will provide paint restoration training to your Authorized Employees, but may require that you pay a training fee for such persons (Section 4.1(b) of the Franchise Agreement). Training for other Services is provided by third parties.
3. Furnish you with a list of approved suppliers of the tools, equipment and supplies that you will need to operate your Franchised Business and the specifications and standards for such equipment, including your Vehicle. (Section 4.1(c) of the Franchise Agreement).

Ongoing Assistance

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

1. At least one national or regional meeting per year (Section 4.2(a) of the Franchise Agreement). We charge a fee for these meetings to cover the costs and expenses of such meetings.
2. Training in new services or technology included in the System, if any, and other operational advice. There is no charge for such training if it is required by us; if not required by us, we may charge you a fee for such training in an amount sufficient to reimburse us for its costs and expenses (Section 4.2(b) of the Franchise Agreement).
3. Marketing advice and suggestions. (Section 4.2(c) of the Franchise Agreement)
4. On-the-job assistance by either us or another franchisee, if needed (Section 4.2(d) of the Franchise Agreement).
5. Other assistance or advice that we believe may be helpful to you, by means of newsletter, telephone or other forms of electronic communications. (Section 4.2(e) of the Franchise Agreement).
6. Research and development efforts that we believe may be helpful to improve the System (Section 4.2(f) of the Franchise Agreement).
7. Collection services, either by us or a Collections Agent. (Section 3.2(b) of the Franchise Agreement) - We or an Area Representative that we designate (the "*Collections Agent*") will collect for all of the services that you provide and invoice. We or the Collections Agent will pay you the amount of your collected Gross Sales, less the Royalty, COPFAC Dues and any other fees payable by you to us, or to the Area Representative, within 20 days after receipt.

Advertising

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

You are not required to participate in or contribute to a local or regional marketing or advertising fund. There is no advertising council composed of unit franchisees.

Computer System

Software. You must purchase and register the accounting program designated in the Manuals and 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 7 pro, or later, that meets the minimum specifications required by all required software

Printer: Any printer that will connect and function with a laptop computer.

The Computer System will generate and store data concerning your sales and expenses.

You can purchase a Computer System that meets our current minimum requirements for as little as \$300.

There are no optional or required maintenance updates, upgrading or support contracts, however, the Computer 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, or you may be required to pay a penalty equal to the amount of the initial franchise fee. The estimated annual cost of any required updates or upgrading of your hardware and software is not expected to exceed \$1,000.

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

We provide to you, on loan, the COLORS ON PARADE® Confidential Operations Manual (the “Manual”). The Table of Contents of the Manual is attached as Exhibit E to this franchise disclosure document. The

Manual contains a total of 365 pages (of which 242 pages are devoted to the Unit Franchise Manual and 123 pages are devoted to the Area Representative Manual). The subjects covered by the Manuals and number of pages devoted to each subject are shown in Exhibit E.

Start-Up Time

We estimate that the typical length of time between the signing of a Franchise Agreement and the commencement of the Franchised Business is approximately 30-90 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, if applicable, obtain required insurance, procure business and otherwise implement your use of the System. You must commence operations within 90 days from the signing of your Franchise Agreement.

Approval of Territory; Site Selection

We will approve your Territory prior to the execution of the Franchise Agreement. No site selection assistance is provided since Franchises generally operate from one or more mobile Operating Units.

Training

Before starting the business and within six (6) months from the effective date of the Franchise Agreement, unless you have received at least three full months of training by a Colors On Parade franchisee or if you have previous experience or tech school training acceptable to us and are able to successfully complete the certification course, you (if you are an individual, or one of your principals, if you are not an individual) must attend and successfully complete the required training for each Service that you wish to offer. In addition, you must pay for the travel and living expenses of all attendees. The cost of training and an estimate of the travel and living expenses that you will incur while training range from \$3,000 to \$6,000. If you fail to complete all required training programs to our satisfaction within six (6) months, we may, at our option, either terminate this Agreement or assess a penalty against you in the amount of the Initial Franchise Fee, which shall be payable upon demand. If we terminate this Agreement as a result of your failure to complete any required Training Program to our satisfaction within six (6) months, we will retain the Initial Franchise Fee and apply it to our costs. Termination of the Franchise Agreement shall not relieve you from your post-termination obligations under Sections 5.4, 5.5, 5.6 and 7, which shall survive such termination.

Paint Repair and Refinishing Training Program. The Training Program for paint repair and refinishing includes technical training at our Training and Research Center in Conway, South Carolina or Springdale, Arizona 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.

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

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Paint Repair and Refinishing Tech Training (Initial Training)	72	0	Conway, SC or Springdale, AR
Operations, Marketing, Finance, Computer Training (Initial Training)	8	0	Conway, SC or Springdale, AR
Paintless Dent Repair (Initial Training)	72	0	Springdale, AR

Listed below are each instructor and a summary of his experience:

Lee Moody. Mr. Moody worked as a Unit Franchisee in the Colors on Parade® System from 1998 until he became employed by us 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.

Daniel Billingsley. Mr. Billingsley began providing paint repair and refinishing services in 1997 as an employee of a Colors on Parade franchisee, purchased a Colors on Parade unit franchise in 2005 and became the Colors on Parade Area Representative in the northwest Arkansas area in 2017 and our Director of Operations in 2020.

Other Area Representatives may provide additional training and/or assistance to you in the field. Any other instructors must have at least two years of training or experience in conducting the type of business that you will operate.

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 Initial Training Program.

We also offer 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 we may charge you a reasonable fee to attend. Training may also be provided at national or regional meetings. We presently hold national or regional meetings at least annually.

Cooperatives. We currently have no cooperatives and do not currently require cooperatives to be formed, changed, dissolved or merged.

Assistance in Establishing Prices. We do not assist the franchisee in establishing prices, such as setting minimum and/or maximum prices at which the franchisee must sell products and services.

Item 12

TERRITORY

You will be granted the non-exclusive right to operate the Franchised Business within a defined territory approved by us (the “*Territory*”), which will be specified or described in your Franchise Agreement. The Territory will be a geographic area with an estimated population of at least 100,000. The Territory cannot be changed without our prior written approval.

You will provide mobile and/or fixed site (with our prior written approval) transportation-related repair, reconditioning and/or restoration services. If you elect to provide services at a fixed site, the site must be located within the Territory, however, you will select the site and do not need to obtain our approval for the exact location of the fixed site or for the relocation of the fixed site as long as it is located within the Territory.

You may not solicit or provide services to customers outside your Territory without our prior written consent. You may not use any channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to solicit or make sales outside your Territory.

You may be assigned certain accounts within the Territory by us or the Area Representative for the Territory, if any. Except as provided below, 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 Franchise Agreement and any renewal, subject to the disclosure below. This provision does not apply to any national or regional account described in Section 5.2(i) of the Unit 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 affect the goodwill associated with the Marks, we or the Area Representative may, with our approval, assign the account to be serviced by another 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 our consent or the consent of 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.

At our request or with our prior written consent, you may use the System to service 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 our reasonable opinion, you are unable to appropriately service your accounts. In either case, prior written consent must be obtained from us. You may not solicit or accept work outside of your Territory without our approval.

You do not have any minimum sales requirements, however, you must devote your full time and best efforts to the operation of the franchised business.

You may not change your Territory without our prior approval, which will be granted so long as we reasonably believe that the proposed new territory will support another Unit Franchisee and the Area Representative for the new territory, if any, agrees.

Reservation of Rights

We reserve the right to operate, or to license others the right to operate, businesses under the System within the Territory. We also reserve the right to develop other markets or use alternative distribution channels for the Services within the Territory, under the 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, we presently have no firm plan to do so. We are not required to offer you any new services or products that it may develop 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 we include such new products or services in the System, you must offer such products or services. We are not required to pay you any compensation for soliciting or accepting work inside your Territory.

We will not pay any compensation to you if it solicits or provides services in your Territory.

Neither we or an affiliate operate or plan 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 a Unit Franchisee.

Item 13

TRADEMARKS

You operate your Franchised Business under the Marks.

The COLORSONPARADE® and COLORSONPARADE The Original Body Shop On Wheels® word marks with stylized designs were registered by us on the Principal Register of the United States Patent and Trademark Office (“PTO”) on December 30, 2014 and January 29, 2008, under registration numbers 4,662,970 and 3,376,316.

The CAR LOVE CL® word mark with stylized design was registered by us on the Principal Register of the PTO on July 11, 2017, under registration number 5,242,421.

The EcoSmart® word mark with stylized design was registered by us on the Principal Register of the PTO on January 6, 2015, under registration numbers 4,667,626 and 4,667,627.

The ChipGuard® word mark was registered by us on the Principal Register of the PTO on December 16, 2014, at serial number 8,6285,460.

All required filings and affidavits with respect to these trademarks have been made and these trademark registrations have been renewed as and when required.

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 the Marks or any pending material litigation involving the Marks.

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

You must immediately notify us of any infringement of or challenge to your use of any of the Marks, whether listed herein or not, that comes to your attention. We have the right to take any action with respect to any infringement of or challenge to your use of any of our Marks that it deems appropriate, but the Franchise Agreement does not require us to take any action. We have the right to control any administrative proceeding or litigation related to the Marks. The Franchise Agreements do not require us 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 the Marks, or if the proceeding is resolved unfavorably to you.

If we decide that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with our directions, and we have no obligation to reimburse you for the cost of complying with our directions; provided, however, that if, within any five-year period, we adopt 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 we 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 we 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 for an approved fixed site to the extent they exceed \$1,000 in the aggregate. In no event will our liability exceed \$3,000 per Operating Unit, plus \$1,000 for the office sign.

We do not know of any superior prior rights or any infringing uses that could materially affect your use of any of the 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.

We have the right to grant you a license to use the System under a perpetual license agreement with Total Car, Inc., its affiliate.

We own copyrights for its Confidential Operating Standards Technical Manual, registration number, Vau-462-069, effective December 1, 1999; the Confidential Operating Standards Manual for Unit 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 we no longer offer multi-unit franchises). We also own a copyright for the layout of the Operating Unit. Some of the above copyrights have been registered with the federal government. The duration of each copyright is the author's life plus 70 years. The copyrights cannot be renewed.

We do not know of any copyright infringement that could materially affect you.

Prior to or during the term of your Franchise Agreement, we or our 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. You must take reasonable

precautions necessary to protect all Confidential Information from unauthorized use or disclosure, including conducting orientation and training programs for any Authorized Employees to inform them of the obligation to protect Confidential Information, and their related responsibilities and obligations. We require that you obtain Non-Disclosure and Non-Competition Agreements, pre-interview forms and acknowledgment of training forms in a form satisfactory to us from each of your Authorized Employees.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must personally operate the Franchised Business and devote your full time and best efforts to such operations and any employee that you wish to hire or independent contractor that you wish to engage to provide any Services (for purposes of convenience, any such person is referred to herein as an “Authorized Employee,” whether or the individual is an employee or an independent contractor) must be approved by us in advance, in writing, and such employment or engagement must meet or satisfy the requirements set forth in the Manual. You and any Authorized Employees must attend and satisfactorily complete the applicable training program before operating the Franchised Business and all additional training programs required by us after your Franchised Business begins operations.

We believe 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 will need to work full-time on weekdays and several evenings per week, and you may 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 our prior written permission.

We require that your Authorized 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 the Franchise Agreement or in another form approved by us. You are responsible for obtaining executed covenants from each of your Authorized Employees and it is your responsibility to ensure that the form of covenants executed by your Authorized Employee will be enforceable, to the maximum extent possible, under the laws of the state in which the Franchised Business operates.

We may enforce the non-disclosure and non-competition agreements signed by your Authorized Employees and contained in the Franchise Agreement. Although our litigation in this area is not the type of litigation required to be disclosed in Item 3 of this franchise disclosure document, we 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 our sole and absolute discretion.

If you are an entity, and not an individual, then we will require each of your owners to execute a Personal Guaranty of your obligations to us in the form attached as an exhibit to the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and provide Services after you have successfully completed the Training Program, in the case of paint repair and refinishing services, or a training course approved by us and provided by an approved third party, in the case of paintless dent repair or interior repairs, purchased the required equipment and comply with the terms of your Franchise Agreement. You must offer at least one Service. You may also offer such other services and products as WE may, in the future, introduce into the System, in its sole discretion, and generally makes available to Franchisees. We have the right to delete any services from the System, in its sole discretion.

Except as otherwise specified in Item 12, you may only offer and provide Services to customers located within your Territory and you may not solicit or provide services to a customer within your Territory whose account is being serviced or has been assigned to another Unit 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

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
A. Length of the franchise term	Section 2.1	20 years
B. Renewal or extension of the term	Section 2.2	Unless you are entering into the Franchise Agreement in order to renew an existing Colors on Parade franchise agreement, if you have fully complied with the Unit Franchise Agreement and meet other conditions, you can extend the term of your franchise for an additional 10 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 Unit Franchise Agreement which may contain materially different terms and conditions from the original contract, sign a release, subject to applicable state law, and pay the renewal fee.

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
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 after written notice.
E. Termination by franchisor without cause	Not applicable	Not Applicable
F. Termination by franchisor with cause	Section 6.2	If you default under the Unit Franchise Agreement.

G. "Cause" defined curable defaults	Section 6.1	You have 10 days from receipt of notice to cure a payment default with respect to a payment owed to us or our affiliates or under any financing program sponsored by us (unless you already have received two such notices within the preceding 12 months) or a violation of health or safety laws, subject to certain limitations, and 30 days to cure any other default which is not listed in Section 6.1 as being non-curable.
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<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
H. "Cause" defined – non-curable defaults	Section 6.1	Your failure to make a payment owed to US or our Affiliates or other default after having been given notice of nonpayment or other default on at least 3 occasions during the last 12 months; you make a misrepresentation of material information furnished to US or omit any material necessary to make your representations not misleading; you submit 2 financial statements in any one-year period which understate any sums owed to US or our Affiliate; you fail to successfully complete initial 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.).
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 US or our Affiliate; complete de-identification; cease use of System; notify customers, if requested; promote separate identity; sale of business assets to US, if requested; and compliance with all post-term restrictive covenants, including non-competition and non-solicitation covenants.
J. Assignment of contract by franchisor	Section 9.13	We may assign its rights or obligations to any person or entity.

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
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 Franchise Agreement or a change in control of a Franchisee.
L. Franchisor approval of transfer by franchisee	Section 5.7(c)	We have 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, subject to applicable state law; you agree to non-competition provisions; transferee agrees to discharge all of your obligations; transferee qualifies, meets training requirements and signs then-current Unit Franchise Agreement; you remain liable for existing obligations; and all applicable fees are paid.
N. Franchisor’s right of first refusal to acquire franchisee’s business	Section 5.7(c)	We 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 Franchise.
O. Franchisor’s option to purchase franchisee’s business	Section 7.7	Upon expiration or termination of your Franchise, we may purchase your Operating Unit(s) and other equipment, at the lesser of market value or depreciated book value, or if your Vehicle is leased or rented, we may 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 that, if transfer is to your spouse or child(ren), no administrative transfer fee is required and the transfer is 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 providing any Services or that supplies goods and services to franchisees in competition with us; non-solicitation of our customers or customers of other franchisees.

<u>Provision</u>	<u>Section in Agreement</u>	<u>Summary</u>
R. Non-competition covenants after the franchise is terminated or expires	Section 5.6(b)	No involvement in any business engaged in providing any Services for 2 years after termination and non-solicitation of customers.
S. Modification of the agreement	Section 9.5	No modifications except when agreed to in writing, but we may unilaterally change or add to types of Services you may offer or to our 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, subject to state law. Any representations or promises outside this disclosure document or the Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. In addition, no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
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U. Dispute resolution by arbitration or mediation	Section 8	Arbitration and Mediation under the auspices of the American Arbitration Association in Conway, SC (subject to applicable state law).
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V. Choice of forum	Section 9.15	Arbitration under the auspices of the American Arbitration Association in Conway, SC (subject to applicable state law).
W. Choice of law	Section 9.15	South Carolina law applies (subject to applicable state law).

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

We do not use any public figure to promote its Franchises.

Only the terms of the Franchise Agreement are binding, subject to state law. Any representations or promises outside this disclosure document or the Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. In addition, no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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.

As of December 31, 2024, there were 214 Colors On Parade unit franchises. Of these 214 franchises, 18 operated for less than one year, 15 operated from one to two years, and 18 operated from two to three years and 163 operated more than 3 years, as of December 31, 2024.

The following charts reflect the mean average annual gross sales and the highest, lowest and median gross sales of the franchises that operated for at least one year as of December 31, 2024.

Chart 1

Annual Gross Sales			
	Franchises Operating More Than 3 Years	Franchises Operating 2 - 3 Years	Franchises Operating 1 - 2 Years
Average	\$187,908.32	\$157,899.75	\$81,753.29
Highest	\$1,136,059.00	\$317,767.00	\$197,721.45
Lowest	\$2,000.00	\$9,925.00	\$6,039.00
Median	\$140,463.66	\$133,992.50	\$79,387.49

The first column in Chart 1 reflects the mean average gross sales and the highest, lowest and median gross sales for fiscal year 2024 reported by the 163 franchises that operated for more than 3 years; the second column reflects the mean average annual gross sales and the highest, lowest and median gross sales for fiscal year 2024 reported by the 18 franchises that operated from two to three years; and the third column reflects the mean average annual gross sales and the highest, lowest and median gross sales for fiscal year 2024 reported by the 15 franchises that operated from one year to two years. The information in this chart is based on monthly sales reports submitted by the franchisees for the purpose of computing royalty fees.

As of December 31, 2024, 61 or approximately 37% of the 163 franchises that operated more than 3 years exceeded the average, 7 or approximately 39% of the 18 franchises that operated from two to three years exceeded the average, and 8 or approximately 53% of the 15 franchises that operated from one to two years exceeded the average.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

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

Chart 2

Annual Gross Sales	Franchises Operating More Than 3 Years		Franchises Operating 2 to 3 Years		Franchises Operating 1 to 2 Years	
	Number	Percentage	Number	Percentage	Number	Percentage
< \$100,000	48	29%	5	27.8%	7	46.7%
\$100,001 – \$200,000	64	39.5%	8	44.4%	8	53.3%
\$200,001 - \$300,000	23	14.2%	2	11.1%	0	0%
\$300,001 - \$500,000	21	13%	3	16.7%	0	0%
> \$500,000	7	4.3%	0	0%	0	0%

Exhibit E to this document is a list of the names and addresses of the franchises from which Colors on Parade compiled these figures. All of the franchises are substantially similar to the franchises we offer in that all franchises offer essentially the same services and products as described in Item 1 of this Disclosure Document, and all franchises are mobile units. Colors On Parade makes available the same support to all franchises.

Written substantiation for the financial performance representation will be made available to you the prospective franchisee on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future in-come, you should report it to the franchisors management by contacting Jeff Cox, President & CEO, Total Car Franchising Corporation, 125 Daytona Street, Conway, SC 29526, 1-800-7COLORS, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

LIST OF OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

System-wide Outlet Summary For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	219	223	+4
	2023	223	214	-9
	2024	214	214	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	219	223	+4
	2023	223	214	-9
	2024	214	214	0

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2022 to 2024

State	Year	Number of Transfers
South Carolina	2022	0
	2023	1
	2024	0
TOTALS	2022	0
	2023	1
	2024	0

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 2022 to 2024**

I.State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Terminations	Non- Renewals	Ceased Operations for Other Reasons	Outlets at End of Year
Alabama	2022	9	2	0	1	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	2	0	0	8
Arkansas	2022	12	4	0	1	0	0	15
	2023	15	6	0	2	0	0	19
	2024	19	2	0	3	0	0	18
California	2022	30	1	0	3	0	0	28
	2023	28	5	0	4	0	0	29
	2024	29	5	0	2	0	0	32
Colorado	2022	9	0	0	1	0	0	8
	2023	8	1	0	2	0	0	7
	2024	7	3	0	0	0	0	10
Connecticut	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	33	1	0	5	0	0	29
	2023	29	0	0	4	0	0	25
	2024	25	1	0	0	0	0	26
Georgia	2022	6	2	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	0	0	1	0	0	8

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Terminations	Non-Renewals	Ceased Operations for Other Reasons	Outlets at End of Year
Hawaii	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Illinois	2022	0	1	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
Kansas	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Kentucky	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Louisiana	2022	3	3	0	0	0	0	6
	2023	6	1	0	1	0	0	6
	2024	6	0	0	0	0	0	6
Maryland	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
Michigan	2022	3	0	0	2	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Missouri	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	2024	2	1	0	0	0	0	3
New Hampshire	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Terminations	Non-Renewals	Ceased Operations for Other Reasons	Outlets at End of Year
New Mexico	2022	6	0	0	1	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	1	0	0	3
New York	2022	13	1	0	0	0	0	14
	2023	14	0	0	4	0	0	10
	2024	10	2	0	0	0	0	12

North Carolina	2022	6	2	0	0	0	0	8
	2023	8	0	0	1	0	0	7
	2024	7	0	0	1	0	0	6
Oklahoma	2022	6	2	0	0	0	0	6
	2023	8	0	0	3	0	0	8
	2024	8	0	0	2	0	0	6
Pennsylvania	2022	9	0	0	0	0	0	9
	2023	9	0	0	3	0	0	6
	2024	6	1	0	0	0	0	7
South Carolina	2022	20	2	0	1	0	0	22
	2023	22	1	0	2	0	0	21
	2024	21	3	0	1	0	0	23
Tennessee	2022	10	2	0	0	0	0	12
	2023	12	2	0	1	0	0	13
	2024	13	0	0	1	0	0	12
Texas	2022	15	2	0	2	0	0	15
	2023	15	1	0	2	0	0	14
	2024	14	0	0	0	0	0	14
Virginia	2022	16	0	0	3	0	0	12
	2023	12	0	0	0	0	0	12
	2024	12	0	0	3	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Terminations	Non-Renewals	Ceased Operations for Other Reasons	Outlets at End of Year
TOTALS	2022	219	26	0	22	0	0	223
	2023	223	16	0	25	0	0	214
	2024	214	18	0	18	0	0	214

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 2022 to 2024**

II.State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets sold to Franchisees	Outlets at End of Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

TABLE NO. 5

**Projected New Franchise Outlets
As of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Fiscal Year 2025	Projected New Company-Owned Outlets in the Next Fiscal Year 2025
Arkansas	0	3	0
California	0	3	0
South Carolina	0	3	0
Texas	0	3	0
Totals	0	12	0

A list of our current Franchisees (as of December 31, 2024) is attached to this Disclosure Document as Exhibit F. A list of the names, city and state and business (or, if unknown, home) telephone number of every Franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, or not renewed within the last fiscal year, or who has not communicated with the franchisor within ten (10) weeks of the application date, including Franchisees who transferred an outlet within the applicable period, 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.

We sponsor the Colors on Parade Franchise Advisory Council (“COPFAC”), whose members consist of our franchisees. The contact information for COPFAC is Corey Davis (COPFAC Secretary), 903-445 4641, Coreydavis705@gmail.com.

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.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit H to this franchise disclosure document are our audited financial statements for the fiscal years ended of December 31, 2024, 2023 and 2022.

Item 22

CONTRACTS

Attached hereto are the following contracts:

<u>Exhibit</u>	<u>Document</u>
C	Franchise Agreement
D	Operating Agreement
I	General Release

Item 23

RECEIPTS

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

EXHIBIT A

LIST OF STATE ADMINISTRATORS

California

Commissioner
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7500

Michigan

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

Hawaii

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

Minnesota

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

Illinois

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

Nebraska

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

Indiana

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

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
New York, New York 10005
212-416-8285

Maryland

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

North Dakota

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

Oregon

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

Virginia

State Corporation Commission
Division of Securities
1300 E. Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

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 Financial Protection and Innovation 1350 Front Street San Diego, California 92101-3697	New Jersey National Registered Agents, Inc. 51 Everett Drive, Suite 107B P.O. Box 927 West Windsor, New Jersey 08550-0927
Florida NRAI Services, Inc. 526 E. Park Avenue Tallahassee, Florida 32301	New York Secretary of State 99 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, 5 th Floor Bismarck, North Dakota 58505
Illinois Office of the Attorney General 500 South Second Street Springfield, Illinois 62706	North Dakota Office of the Securities Commissioner 600 East Boulevard, 5 th Floor Bismarck, North Dakota 58505
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 11 th Avenue, SW, 3 rd Floor West Olympia, Washington 98504
Minnesota Commissioner Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198	

EXHIBIT C

UNIT FRANCHISE AGREEMENT



UNIT FRANCHISE AGREEMENT

BETWEEN

COLORS ON PARADE FRANCHISING CORPORATION

AND

—

EFFECTIVE DATE:

TERRITORY:

COLORS ON PARADE
UNIT FRANCHISE AGREEMENT

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COLORS ON PARADE

UNIT FRANCHISE AGREEMENT

THIS UNIT 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 Unit Franchisee (hereinafter referred to as “*you*”), whose address is set forth on Exhibit A.

R E C I T A L S

We have acquired the rights to and/or developed and have refined technology (the “*Technology*”) and have developed expertise with respect to providing fixed site and/or mobile transportation-related repair and reconditioning services, including paint repair, paintless dent removal, headlight, wheel, interior restoration and repair and other automotive related services, on automobiles, trucks, planes and/or other transportation-related equipment (“*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 to act as a Colors on Parade® Unit 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 by third parties (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® Unit Franchisee (the “*Franchised Business*” or “*Business*”), upon the terms and conditions set forth herein. Subject to the provisions of this Agreement, 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 Representative franchisee for your Territory, if any (the “*Area Representative*”). With our written consent or the written consent of the Area Representative, you may also provide Services to other accounts within the Territory that are independently developed by you and that are not being serviced by other franchisees or that have not been assigned to other Unit 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 Representative, 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 granted hereby.

2. **TERM; RENEWAL**

2.1 **Term.** The term of this Agreement shall commence on the Effective Date and terminate on the tenth (10th) anniversary of the Effective Date (the “*Initial Term*”).

2.2 **Renewal.** Unless you are entering into this Agreement in order to renew an existing Colors on Parade franchise agreement, you may, at your option, renew the Franchise for one (1) additional ten (10) 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 Unit 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 Unit Franchisees at the time of renewal, but in no event less than \$3,750.00 (“*Renewal Fee*”); 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 Colors On Parade franchise agreement, you must pay us an initial franchise fee in the amount shown on Exhibit A attached hereto (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 the renewal fee when you sign this Agreement. The Initial Franchise Fee and Renewal Fee are not refundable.

3.2 **Royalty**

(a) Subject to the provisions of Section 3.6 and the Performance Incentive Plan 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 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 Collections Agent (as defined hereafter) with copies of all invoices that you issue for your Gross Sales and written reports of your Gross Sales for each month by the tenth (10th) day of the next following month in order to enable us or the Collections Agent to collect 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) We or an agent that we appoint in accordance with Section 4.3 (the “*Collections Agent*”), if applicable, will collect your Gross Sales from your customers. Subject to the Performance Incentive Plan described in Section 4.4 hereof, if applicable, we or the Collections Agent will pay you seventy percent (70%) of the collected Gross Sales, less the COPFAC Dues, 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 Representative or paid to us and the Area Representative by the Collections Agent in payment of the Royalties payable by you pursuant to Section 3.2(a). We or the Collections Agent may, in our discretion, 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 collected Gross Sales payable to you.

3.3 **Training Fees.** Unless you are executing this Agreement to renew an existing franchise agreement and/or have already completed all required training, you must complete the required training and pay a 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. In addition, if you fail to complete the Training Program within six (6) months from your execution of this Agreement, we may assess a penalty against you in the amount of the Initial Franchise Fee.

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 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 (“*Assisting Franchisee*”) to provide you with on-going training and/or assistance, we will pay the Assisting Franchisee a continuing monthly fee (the “*On-going Training and Assistance Fee*”) equal to up to five percent (5%) of your collected Gross Sales and, if we do so, the amounts payable to you pursuant to Section 3.2(a) above will be reduced by the amount of the On-going Training and Assistance Fees paid to the Assisting Franchisee.

3.7 **COPFAC Dues.** You must pay the COPFAC Dues for your membership in the Colors On Parade Franchise Advisory Council (COPFAC). The COPFAC Dues will be collected by us and

paid on your behalf to COPFAC. The current COPFAC Dues are \$12.84 per month and will increase as of January 1st of each year, commencing January 1, 2026, based on the annual change in the CPI-U index published monthly on the www.bls.gov website.

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 or available to you to you, on loan, our Confidential Operating Standards Manual (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 Authorized 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 manuals and 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.

(b) **Training.** Unless you have received at least three full months of training by another Colors On Parade franchisee or are executing this agreement to renew the franchise, we will provide you with the training that we believe necessary for you to provide paint repair and refinishing services (the “*Training Program*”). The Training Program will be provided by us in or about Myrtle Beach, SC or at such other location(s) as we may designate. Training for paintless dent removal services and interior repairs will be provided by approved third parties in Myrtle Beach, SC and Wilmington, NC and Kailua, Hawaii, respectively, or at such other location(s) as they may designate.

(c) **Equipment, Tools and Supplies.** Unless you are executing this Agreement to renew an existing franchise agreement and/or are obtaining the equipment, tools and supplies necessary to operate the Franchised Business from a third party, we will provide you with a start-up package, which includes certain of the equipment, tools and supplies 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, van or trailer that you will require to operate the Franchised Business (“*Operating Unit*”) and a list of suppliers of the equipment, tools, products and supplies that you will need to operate the Franchised Business after start-up. You may purchase such equipment, tools, products and supplies only us or from 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® trademarks or trade names, unless specifically authorized by us in writing. You may purchase the Operating Unit from any source, so long as it meets our standards and specifications and will permit you to provide the Services in accordance with the Manual. You may, at your option and upon our approval, upgrade the specifications of the Operating Unit. We or the Area Representative or another Area Representative that we designate must inspect each 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 Representative. 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 an account by us or the Area Representative for 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 Representative in advance, in writing, as excluded from the application of this provision; (b) this provision shall not apply in the event that you fail to timely report your Gross Sales; or (c) in the event that we or the Area Representative receive any complaint from an account that we or the Area Representative determine, in our or their discretion, 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 Representative to assign such account to another franchisee, we or the Area Representative, with our approval, may assign such account to another franchisee.

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 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 Representative or another Area Representative;

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

(f) Research and development; and

(g) Collection Services

4.3 **Delegation of Duties.** We may delegate some or all of our duties to you under this Agreement to the Area Representative 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 collect your Gross Sales to a Collections Agent (who may be the Area Representative).

4.4 **Performance Incentive Plan.** Provided you are in full compliance with all of the provisions of this Agreement and the Manual, you may choose the standard performance incentive plan offered by us (the “*Performance Incentive Plan*”) or an alternative incentive plan approved by us, if available in your area. Under the Performance Incentive Plan, you will receive a performance incentive

(“*Performance Incentive*”) for each month that your Gross Sales exceed the benchmarks set forth below. The benchmarks for the Performance Incentive Program are as follows:

You will receive the following performance incentive (“*Performance Incentive*”) for each month that your Gross Sales exceed \$14,999 (subject to the annual increases set forth below):

- (a) If your Gross Sales for the month are between \$15,000 and \$19,999, 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 between \$20,000 and \$24,999, 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 between \$25,000 and \$34,999, 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 exceed \$35,000, you will receive a Performance Incentive in an amount equal to 10% of your Gross Sales for the month.

We may, in our sole discretion, after consultation with COPFAC, increase the Gross Sales requirements set forth above, effective as of January 1st of each year following the effective date of your Franchise Agreement (“*Adjustment Date*”), by an amount up to the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published monthly by the United State Bureau of Labor Statistics during the 12-month period ended November 30th of the calendar year prior to each Adjustment Date.

Any Performance Incentives earned by you under the Performance Incentive Plan 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 **Prior to Commencement of Operations.** Unless you are executing this Agreement to renew an existing franchise, before offering any Services to the public, you must do the following:

(a) **Training.** Unless you have received at least three full months of training for each Service that you wish to provide by a Colors On Parade franchisee or an approved third party or are executing this Agreement to renew the franchise, you must complete, to our satisfaction, the required training for each Service. The Training Fees are set forth in Section 3.3. You will also be responsible for all travel, meals and lodging expenses incurred in connection with your attendance at this and any other training program or courses. If you fail to complete all required Training Programs to our satisfaction, we may, at our option, either terminate this Agreement or assess a penalty against you in the amount of the Initial Franchise Fee, which shall be payable upon demand. If we terminate this Agreement as a result of your failure to complete any required training to our satisfaction, we will retain the Initial Franchise Fee and apply it to our costs. Termination of this Agreement shall not relieve you from your obligations under Sections 5.4, 5.5, 5.6 and 7, which shall survive such termination.

(b) **Equipment, Tools and Supplies.** Unless you obtain the equipment, tools and supplies 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 or lease an Operating Unit 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, except as provided above, you must purchase your Operating Unit with the assigned paint related products through us. Any equipment, tools, products and supplies or Operating Unit 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 the Operating Unit and/or 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 Operating Unit and equipment, tools, products and supplies, all in accordance with the Manual.

(c) **Computer.** Obtain, maintain and use 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 register the accounting program designated in the Manual, from time to time, and install it 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 to

be properly trained to our satisfaction with respect to each Service that you provide 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 and use your best efforts 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 individuals to provide Services on your behalf, with our prior written consent, so long as such individuals have successfully completed all of the required training and executed such non-competition, non-disclosure or other covenants as we may require, and have been approved by us in writing. In operating and/or managing the business on a full-time basis, you may not operate any other business, specifically including but not limited to any related business, services or products not authorized or permitted in writing by us, and no related 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 complete 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 Representative for franchisees operating within its 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 All Business as a Colors On Parade Franchisee.** You acknowledge and agree that quality of workmanship, customer service and customer relations and your appearance and demeanor 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 must be performed promptly, competently and in a workmanlike manner. All of your interactions with your customers, vendors, suppliers, 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, 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 of such design and color as we may prescribe from time to time, as set forth in the Manual, use an approved Operating Unit 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 repair, 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) **Days and 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) **Confidential Information.** You must take reasonable precautions necessary to protect all Confidential Information from unauthorized use or disclosure.

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

(h) **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.

(i) **National and Regional Accounts.** We or the Area Representative may establish national or regional accounts, with respect to which we or the Area Representative 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 Representative 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 Representative's business, but also upon the businesses of other Unit Franchisees or Area Representatives and multi-unit franchisees.

(j) **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.

(k) **Trademarks.** You may 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.

(l) **Payment of All Sums Payable to Us or Collected By Us.** You must pay all sums due and payable to us or collected by us in accordance with the provisions of this Agreement and the Manual, including the COPFAC Dues that we collect from you on behalf of COPFAC, promptly when due. The COPFAC Dues are for your membership in the Colors On Parade Franchise Advisory Council ("*COPFAC*"). The COPFAC Dues will be collected by us and paid on your behalf to

COPFAC. The COPFAC Dues are currently \$12.84 per month and will increase as of January 1st of each year, commencing January 1, 2026, based on the annual change in the CPI-U index published monthly on the www.bls.gov website.

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) **Books and Records.** 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 which is acceptable to us upon giving us at least ten (10) days advanced written notice).

(c) **Inspection.** 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, and/or provide us with copies of such books, records, accounts and bank statements within ten (10) days of 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) **Under-reporting.** 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 **Trademarks and Other Intellectual Property; Confidential Information**

(a) **Intellectual Property.**

(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) Confidential Information

(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 Representative, 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. 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) **Protection of Confidential Information.** You must take reasonable precautions to protect our Confidential Information from unauthorized disclosure or use.

(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 and Solicitation**

(a) **In-Term.** So long as this Agreement is in effect, in consideration of the mutual promises contained herein, 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 other party (including yourself acting in any capacity other than a Colors On Parade franchisee pursuant to the provisions of this Agreement) by direct or indirect inducement or otherwise;

(ii) Directly or indirectly own, maintain, engage in, or have any interest in any other business which is engaged in providing any Services or any other services that you have provided as a Colors On Parade franchisee; or

(iii) Provide any Services, directly or indirectly, other than as a Colors on Parade Unit Franchisee pursuant to the provisions of this Agreement.

You agree that each of the foregoing in-term restrictive covenant is independent of and divisible and severable from the others and is necessary and reasonable to protect legitimate interests of the System. In the event the geographic or temporal scope of Sections 5.6(a)(i), 5.6(a)(ii) and/or Section 5.6(a)(iii) is deemed excessive under applicable law by an arbitrator or court in an action to enforce the provisions of this Section 5.6(a), only the remaining subsections of Section 5.6(a) shall apply.

(b) **Post-Term.** Except as otherwise approved or specified by us in writing, in consideration of the mutual promises contained herein 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 (the “*Two-Year Period*”), either directly or indirectly, for yourself or through, on behalf of or in conjunction with any person or entity:

(i) Solicit or provide any Services to any customer or account to whom you provided any Services as a Colors on Parade franchisee during the prior three (3) years or divert or attempt to divert any such customer or account to any competitor or other party, including yourself or a business that you own or operate; or

(ii) Operate or manage any business that provides any Services, or provide any Services, within the Territory or any other area where you provided any Services as a Colors On Parade franchisee during the during the prior three (3) years; or

(iii) Offer or provide any Services within five (5) miles from any commercial customer or retail account to whom you provided any Services as a Colors on Parade franchisee during the term of this Agreement.

You agree that each of the foregoing post-term restrictive covenants is independent of and divisible and severable from the others and is necessary and reasonable to preserve the value of the System. In the event the geographic or temporal scope of Sections 5.6(b)(i), 5.6(b)(ii) and/or Section 5.6(b)(iii) is deemed excessive under applicable law by an arbitrator or court in an action to enforce the provisions of this Section 5.6(b), only the remaining subsections of Section 5.6(b) shall apply.

If you refuse voluntarily to comply with the foregoing restrictive covenants upon the expiration or any earlier termination of this Agreement, you must pay us, as damages, an amount equal to 30% of your Gross Sales within the geographic and temporal scope of Sections 5.6(b)(i), 5.6(b)(ii) and/or Section 5.6(b)(iii) and the Two-Year Period will not expire until two years after you begin to voluntarily to comply with the foregoing restrictive covenants. If we are required to engage an attorney or take any action to enforce the foregoing restrictive covenants, you must also reimburse us for our costs and expenses, including reasonable attorney’s fees and the costs of investigating and/or prosecuting such action.

(c) **No Defense.** 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) **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 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) **Survival.** The provisions of this Section 5.6 shall survive the expiration or any earlier termination of this Agreement.

(f) **Modification of Covenants.** 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 the Entity’s outstanding equity securities 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 in this Agreement (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 your 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 Unit Franchisees, (B) is not 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 a Unit Franchisee;

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

(vii) The transferee agrees executes our then-current form of Unit 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 or your estate may assign your Interest to your spouse or child(ren), 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 Interest, 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 or, if you are an individual and are married, your spouse, must execute a personal 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 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 **Events of Default.** Any one or more of the following events will constitute an Event of Default (“*Event of Default*”) by you hereunder:

(a) You fail to submit any Gross Sales report required by this Agreement when required, or 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 ten (10) 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 a *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 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 Interest, 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.

(m) If you die and fail to assign your Interest to your spouse or a child pursuant to Section 5.7(d) of this Agreement.

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.** Provide us with all invoices that you have issued for your Gross Sales, unless you have previously provided such invoices to us or the Collections Agent, and 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.** Provide us with a complete listing of all customer accounts and the contact information for each account and, 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. 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 in this Agreement or any related agreement is intended to disclaim the representations we made in the 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 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. Any party may change its mailing address 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, if any, 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 System to hold confidential information imparted to you in trust and confidence for our benefit of the franchisor and the benefit of the 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 or court 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.

10.2 **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.

10.3 **Independent Investigation.** You acknowledge and agree that you have conducted your own independent investigation of us and the System.

10.4 **Other Forms of Agreements.** Other Unit 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.

10.5 **Representations Regarding Waivers.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall

have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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:

UNIT FRANCHISEE:

Date:

EXHIBIT A

Name and Address of Unit Franchisee:

Effective Date:

Territory:

Initial Franchise Fee or Renewal Fee: \$

Training Fee: \$

Equipment Set-up Fee: \$

Notice Address for Franchisor: Total Car Franchising Corporation
P.O. Box 50940
Myrtle Beach, SC 29579

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

Each of the undersigned hereby absolutely, unconditionally and irrevocably guarantee to TOTAL CAR FRANCHISING CORPORATION, a South Carolina corporation ("*TCFC*"), all of the obligations (the "*Obligations*") of _____, a _____ ("*Franchisee*"), to TCFC under that certain Unit 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.

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.

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. The Guarantor herein specifically recognizes that the Obligations include the personal obligation to be bound by and adhere to all of the restrictive covenants as contained in the non-competition and non-solicitation agreements as contained within the Franchise Agreement with the franchisor 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 _____, 202_.

GUARANTOR(S):

EXHIBIT D
OPERATING AGREEMENT

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

[name of LLC], LLC
(a South Carolina Limited Liability Company)

Made as of [redacted], 202[redacted]

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

[name of LLC], LLC

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (hereinafter referred to as this "Agreement") of [name of LLC], LLC (the "*Company*") is made and entered into as of [redacted], 202[redacted], by and among the parties identified on the signature page hereof.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, each to the others, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

III. FORMATION OF THE COMPANY

A. Name. The name of the Company shall be [name of LLC], LLC.

B. Principal Office and Resident Agent of the Company. The principal office and mailing address shall be determined by the Manager.

C. Term. The Company was formed pursuant to a Certificate of Formation filed with the Secretary of State of South Carolina (the "*State*"). Unless sooner terminated pursuant to the provisions of this Agreement, the Company shall continue perpetually.

IV. DEFINED TERMS

Throughout this Agreement, the word or words listed below shall have the meanings assigned to them below:

A. "Act" – The Limited Liability Company Act of the State, as amended from time to time.

B. "Additional Member" – A Member admitted to the Company after the date hereof other than as an assignee or transferee of all or a portion of a previously admitted Member's Units.

C. "Adjusted Capital" – As of any time, all Capital Contributions of a Member, less all amounts previously distributed to that Member by the Company.

D. "Affiliate" – With respect to any Person: (i) any other Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person; and (ii) in the case of a natural person, a trust, whether inter vivos or testamentary, for benefit of such Member.

E. "Agreement" – This Limited Liability Company Operating Agreement of [name of LLC], LLC.
"Bankruptcy" – With respect to any Member, such Member's:

(1) filing of a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the United States Bankruptcy Code (as now in effect or in the future amended) or an admission seeking the relief therein provided;

(2) making of an assignment for the benefit of creditors;

(3) consenting to the appointment of a receiver for all or a substantial part of such Member's property;

(4) being adjudicated bankrupt or insolvent;

(5) being the subject of a court order appointing a receiver or trustee for all or a substantial part of such Member's property without such Member's consent; or

(6) being subject to the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of such Member's property.

G. "Capital Account" – With respect to any Member (i) the amount of money contributed to the Company, plus (ii) the fair market value of property contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to the Code) plus (iii) allocations thereto of Company income and gain (or items thereof), less (w) the amount of money distributed thereto by the Company, less (x) the fair market value of property distributed thereto by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to the Code), less (y) all allocations thereto of expenditures of the Company described in the Code, and less (z) allocations of Company loss and deductions (or items thereof), subject to such other adjustments required by the Regulations. In all events, such Capital Account shall be maintained in accordance with the Regulations.

H. "Capital Contribution" – The amount of cash and the fair market value of assets (as of the date of contribution), net of any liabilities, contributed, or deemed to be contributed, to the Company by each Member. Any reference in this Agreement to the Capital Contribution of a then Member or assignee or transferee shall include a Capital Contribution previously made by any prior Member with respect to the Interest of such then Member.

I. "Code" – The Internal Revenue Code of 1986, as amended, and any successor statute thereto.

J. "Company" – [name of LLC], LLC.

K. "Distributable Cash" – All cash receipts of the Company less (i) all cash expenses of the Company, including the repayment of loans made to the Company by the Manager and all payments due and payable by the Company under the Franchise Agreement, and (ii) such reserves to meet anticipated expenses as the Manager shall determine from time to time.

"Franchise Agreement" – The Colors On Parade Unit Franchise Agreement between the Company and Total Car Franchising Corporation pursuant to which the Company will operate its business (the "*Franchised Business*").

2.15 "Franchised Business" – The business conducted by the Company under the Franchise Agreement.

"Member" – Any and all Persons designated as a Member on Exhibit A attached hereto, and made a part hereof, as such exhibit may be revised from time to time, and who executes and delivers a joinder agreement.

L. "Minimum Gain" – The term "Minimum Gain" has the meaning set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d). Minimum Gain shall be computed separately for each Interest Holder in a manner consistent with the Regulations under Code Section 704(b).

M. "Nonrecourse Deductions" – As that term is used in Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a taxable year of the Company equals the net increase, if any, in the amount of Minimum Gain during that taxable year, reduced, but not below zero, by the aggregate distributions made during such year of the proceeds of a nonrecourse liability that are allocable to an increase in Minimum Gain, determined in accordance with Regulations Section 1.704-2(c).

a. "Operating Member" – The Person designated as the Operating Member on Exhibit A attached hereto, and made a part hereof, as such

exhibit may be revised from time to time, and who executes and delivers a Purchase of Membership Interest and Joinder Agreement.

2.18 “Persons” – Individuals, partnerships, corporations, limited liability companies, unincorporated associations, trusts and estates or other legal entity.

“Profits and Losses” – For each taxable year of the Company (or other period for which Profits and Losses must be computed), the Company’s taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

- (i) all items of income, gain, loss, deduction, or credit required to be stated separately under Code Section 703(a)(1) shall be included in computing taxable income or loss;
- (ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profits and Losses, shall be included in computing taxable income or loss;
- (iii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as such under Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses, shall be subtracted from taxable income or loss;
- (iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, determined in accordance with Regulations Sections 1.704-1(b)(2)(iv)(d) through (h), notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and
- (v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset.

2.20 “Purchase of Membership Interest and Joinder Agreement” – A Purchase of Membership Interest and Joinder Agreement in the form attached hereto as “Exhibit B.”

2.21 “Regulations” – The income tax regulations, including any temporary regulations, from time to time promulgated by the United States Treasury Department under the Code.

2.22 “Services” – The services offered or provided by the Company.

2.23 “Substitute Member” – A Member admitted to the Company who receives Units as an assignee or transferee of an existing Member and who is admitted to the Company as a Member with the rights of the existing Member.

2.24 “Units” – The total number of Units of membership interest the Company shall be authorized to issue is 1,000. The Manager may, in accordance with the provisions hereof, at any time, and from time to time, authorize the issuance of Additional Units.

2.25 “Voting Interest” – The right of such Member to (i) vote at any meeting of Members (or give any consent or approval in lieu thereof) on account of the Units or other interests in the Company issued to such Member by the Company or otherwise acquired by such Member in accordance with the terms of this Agreement and (ii) Informational Rights. For purposes of determining under this Agreement or under applicable law the holders of a specified percentage of Interests, each Member shall be deemed to hold such percentage of Interests as shall equal the number of Units held by it relative to the total number of Units then outstanding held by all Members, and such Members shall accordingly hold, in the aggregate, 100% of the outstanding Interests.

2.26 “Member” – Any and all Persons designated as a Member on Exhibit A attached hereto and made a part hereof, as such exhibit may be revised from time to time, and who executes and delivers this Agreement or a Purchase of Membership Interest and Joinder Agreement.

V. BUSINESS AND PURPOSE OF THE COMPANY

The Company has been formed to purchase a Colors On Parade unit franchise from Total Car Franchise Corporation and to operate the Franchised Business pursuant to the Franchise Agreement. The Company shall have the authority to do all things necessary or convenient to accomplish its purposes and operate the Franchised Business.

VI. CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

A. Capital Contributions. The Members have made or will make the Capital Contributions set forth on Exhibit A hereto. Except as otherwise expressly provided in this Agreement, no Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any debts, obligations or liabilities of the Company. Except as otherwise expressly provided in this Agreement, no Member shall have the right to receive any return of any Capital Contribution.

1. The Units shall be allocated and issued to the Members as set forth on Exhibit A hereto, which may be amended from time to time to reflect the admission of Additional Members (including Substitute Members), the transfer or assignment of a Member’s Interest or the issuance of Additional Units or new securities of the Company in each case effected in accordance with the provisions of this Agreement.

B. Capital Accounts. An individual Capital Account shall be maintained for each Member, in accordance with the and the. A permitted assignee or transferee of an Interest pursuant to Article VII hereof shall succeed to the Capital Account of the transferor to the extent of the Interests transferred and as required by the Regulations. No interest shall be paid on any present or future Capital Account. If the Company is dissolved pursuant to Article XIV hereof, neither the Company nor any Member shall have any obligation to any other Member to restore a deficit in a Capital Account.

VII. PROFITS AND LOSSES; DISTRIBUTIONS; REGULATORY ALLOCATIONS

A. Determination and Allocation of Profits and Losses. An accounting shall be made for each fiscal year by the accountants employed by the Company as soon as practicable after the close of each

such fiscal year to determine the Members' respective shares of net profits or net losses of the Company, which shall be credited or debited, as the case may be, to the Members' respective Capital Accounts, *pro rata*, in accordance with their respective Interests. For tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to and among the Members in the same proportion in which they share Profits and Losses.

B.Distributions of Distributable Cash. On a monthly basis, the Manager shall distribute to the Operating Member an amount equal to 40% of the gross revenues actually received by the Company for the services provided by the Operating Member and shall distribute the balance of the net revenues to the Manager as a management fee.

C.Regulatory Allocations.

Qualified Income Offset. No Interest Holder shall be allocated Losses or deductions if the allocation causes an Interest Holder to have a Capital Account deficit. If an Interest Holder receives (i) an allocation of Loss or deduction (or item thereof) or (ii) any distribution, which causes the Interest Holder to have a Capital Account deficit at the end of any taxable year beyond an Interest Holder's share of Minimum Gain plus the amount such Interest Holder is deemed obligated to restore, then all items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain) for that taxable year shall be allocated to that Interest Holder, before any other allocation is made of Company items for that taxable year, in the amount and in proportions required to eliminate the excess as quickly as possible. This Section 5.3.1 is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

1.5.3.2 Minimum Gain Chargeback. Except as set forth in Regulations Sections 2.1.704-2(f)(2), (3) and (4), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this Article V, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulations Section 1.704-2(g). Allocations of gross income and gain pursuant to this Section 5.3.2 shall be made first from gain recognized from the disposition of Company assets subject to nonrecourse liabilities (within the meaning of the Regulations promulgated under Code Section 752), to the extent of the Minimum Gain attributable to those assets, and thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this Section 5.4.2 shall constitute a "minimum gain chargeback" under Regulations Section 1.704-2(f).

3.5.3.3 Interest Holder Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), if, during any taxable year, there is a net decrease in Interest Holder Minimum Gain attributable to an Interest Holder Nonrecourse Liability during any taxable year, each Interest Holder who has a share of the Interest Holder Minimum Gain attributable to such Interest Holder Nonrecourse Liability shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent

taxable years) in an amount equal to that Interest Holder's share of the net decrease in the Interest Holder Minimum Gain. This allocation shall be made after the allocation under Section 5.4.2 hereof, and prior to any other allocation under Section 5.4 hereof. Allocations of gross income and gain under this Section 5.3.3 shall be made first from gain recognized from the disposition of Company assets subject to Interest Holder Nonrecourse Liabilities to the extent of Interest Holder Minimum Gain attributable to those assets, and, thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties that any allocation under this Section 5.3.3 shall constitute a "minimum gain chargeback" under Regulations Section 1.704-2(i).

5.5.3.4 Nonrecourse Deductions. Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in accordance with their Interests.

7.5.3.5 Interest Holder Nonrecourse Deductions. Any Interest Holder Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the Interest Holder Nonrecourse Liability to which the Interest Holder Nonrecourse Deduction is attributable, as determined in accordance with Regulations Section 1.704-2(b).

9.5.3.6 Code Section 754 Adjustment. To the extent an adjustment to the tax basis of any Company asset under Code Section 734(b) or Code Section 743(b) is required under Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under such section of the Regulations.

11. 12.5.3.7 Contributed Property and Book-Ups. In accordance with Code Section 13.704(c) and the Regulations thereunder, as well as Regulations Section 1.704-1 (b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under Code Section 704(c) and the Regulations thereunder. Allocations under this Section 5.3.7 are solely for the purpose of federal, state, and local taxes, and shall not be taken into account in determining any Interest Holder's Capital Account and allocable share of Profits and Losses.

D. General Rules.

1. Except as otherwise provided in Article II hereof and this Article V, all Profit and Loss shall be allocated, and all distributions of cash shall be distributed, as the case may be, to the Persons shown on the records of the Company who have been Interest Holders as of the last day of the taxable year for which that allocation or distribution is to be made. Unless the Required Majority

votes to separate the Company's fiscal year into segments, if the Company admits a new Member to the Company or if an Interest Holder sells, exchanges or otherwise disposes of all or any portion of the Interest Holder's Units, the Profit and Loss shall be allocated between the transferor and the transferee on the basis of the number of days of the taxable year in which each was the owner of such Units; provided, however, that in the event of any extraordinary non-recurring items of the Company, Profit, Loss and distributions shall be allocated to the Persons shown on the records of the Company as of the date of such event.

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3. All amounts withheld as taxes pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution of the Company to the Interest Holders shall be treated as amounts distributed to the Interest Holders.

4.

5. The allocations of Profits and Losses under this Agreement are intended to comply with the Regulations under Section 704(b) of the Code. The Managers are hereby authorized, upon advice of the Company's tax counsel, to amend this Agreement to comply with the Regulations under Section 704(b); provided, however, that no such amendment shall materially affect distributions to a Member without the Member's written consent.

VI. MANAGEMENT: RIGHTS, POWERS AND DUTIES

6.1 Management and Operation of the Company.

6.6.1.1 Management by Manager. The business operations of the Company shall

7. be managed by the Manager. The Manager shall have full, exclusive and complete discretion, power and authority, subject in all cases to the provisions of this Agreement and the requirements of applicable law, to manage the business and affairs of the Company for the purposes herein stated, to make all decisions affecting such business and affairs, and to adopt such accounting rules and procedures as they deem appropriate in the conduct of the business and affairs of the Company. All of the operating expenses of the Company must be approved by the Manager.

8.6.1.2 Management Fee. The Manager shall receive a management fee in
9. accordance with the provisions of Section 5.2 hereof.

10.6.1.3 Authority of Members. No Manager or Member shall be entitled to incur
11. any liability, expense or other obligation on behalf of the Company or perform any undertaking on behalf of the Company inconsistent with the provisions hereof and the annual budgets of the Company approved by the Manager. The Manager may also appoint one or more other managers, officers or agents, who shall have such titles and such powers and duties as the Manager may from time to time designate to assist with the orderly conduct of the business of the Company.

6.2 Operation of the Company. The business operations of the Company will be operated by the Operating Member. The Operating Member will be responsible for maintaining all of the equipment, tools, supplies and materials used by the Company for the performance of repair work under the Franchise Agreement, providing repair services on behalf of the Company under the Franchise Agreement and ensuring that the Company is in full compliance with all of the Company's obligations under the Franchise Agreement.

vII. TRANSFER; ASSIGNMENTS AND EXCHANGES; BUYOUT OPTIONS

7.1 Assignment of Units.

12.7.1.1 Any proposed sale by a Member of its Units must comply with Section 7.4 hereof.

14.7.1.2 Any voluntary sale, assignment, transfer, pledge or other disposition contrary to the provisions of Section 7.1.1 hereof shall not be recognized by the Company and shall be void *ab initio*.

16. 17.7.1.3 A change of voting control of any non-individual Member shall be deemed a transfer of the Units or Interests held by such Member.

19.7.1.4 Except as otherwise set forth in this Agreement, no Member may resign, retire, or withdraw, or take such voluntary action that would have the same result, from the Company except with the consent of the Manager or upon the dissolution of the Company.

7.2 Acknowledgment by Assignee. The Manager may require any purchaser or other assignee or transferee of Units or an Interest made in accordance with the terms of this Agreement, as a condition of any transfer, to execute, acknowledge, and deliver to the Company and the Manager such instruments of transfer, assignment, and assumption and such other certificates, representations and documents, and to perform any and all other acts that the Manager may deem necessary or desirable to:

21.7.2.1 Confirm that the assignee of such Unit (whether or not admitted as a new Member) has accepted, assumed, and agreed to be subject and bound by all of the terms, obligations and conditions of this Agreement, as the same may have been further amended.

23.7.2.2 Maintain the status of the Company as a partnership for federal tax purposes.

25.7.2.3 Assure, by delivery of an opinion of counsel satisfactory to the Company, that such transfer will not violate any applicable securities laws regulating the transfer of securities or any of the provisions of any agreement to which the Company is a party.

27.7.2.4 Assure compliance with any applicable state and federal laws, including securities laws and regulations.

7.3 No Entitlement to Fair Value. If the Company is dissolved pursuant to Section 14.1.2 hereof and the acts or omissions of a Member caused such dissolution, such Member shall not be entitled to receive in liquidation of its Interest the “fair value” of its Interest as of the date of such event of dissolution, unless required under the Act.

7.4 Sale of Units by the Operating Member. The Operating Member may not sell or assign its Interest without the Manager’s consent.

7.5 Permitted Transfers. Notwithstanding anything to the contrary contained herein, a Member may transfer all of its Interest to a trust, whether inter vivos or testamentary, for the benefit of such Member.

7.6 Buyout Options.

7.6.1 Buyout by Manager. If the Operating Member (a) fails to cause the Company to comply with all of the obligations, requirements and restrictions of the Franchise Agreement which are applicable to the Company thereunder, or (b) causes or allows the Company to be in default under the Franchise Agreement, for any reason, or fails to fully comply with the provisions of this Agreement, the Manager shall have the right to repurchase the Operating Member's Interest in the Company, upon demand, for an amount equal to the amount originally paid by the Operating Member for its Interest less any expenses or losses related to the Operating Member's operation of the franchise or failure to ensure the Company's full compliance with the Franchise Agreement and/or protect the assets of the Company. The purchase price for the Operating Member's interest will be payable within fifteen (15) days.

29.7.6.2 Buyout by Operating Member. Unless the Company has exercised its 30. buyout option under Section 7.6.1, the Operating Member shall have the right to purchase all of the Units owned by the Manager at any time after the Company commences operations for a purchase price equal to the outstanding balance of the loans made by the Manager to the Company pursuant to Section 8.3 hereof, upon written notice to the Manager. The purchase price will be payable within fifteen (15) days following the Operating Member's written notice to the Manager or as agreed upon by the Operating Member and the Manager.

VIII. EXPENSES

8.1 Organizational Expenses; Legal and Accounting Fees. All of the initial expenses incurred in connection with the organization of the Company, as well as the initial franchise fee payable under the Franchise Agreement and the bookkeeping fees, annual accounting fees and expenses for the preparation of the Company's tax returns, shall be considered Company expenses. Each Member shall pay such Member's own accounting fees and any legal fees incurred by such Member in connection with its ownership of an Interest or the protection or enforcement of its rights with respect to its Units or Interests in the Company.

8.2 Operating Expenses. Operating expenses shall include any training expenses, the royalties and other sums payable by the Company to Total Car Franchising Corporation under the Franchise Agreement and all expenses incurred in connection with the provision of services on behalf of the Company under the Franchise Agreement, including but not limited to the cost of leasing or purchasing, equipping and maintaining an operating unit that meets the requirements of the Franchise Agreement and the costs of all tools, equipment and supplies required to enable the Operating Member to provide services on behalf of the Company and of maintaining the insurance coverages required of the Company by the Franchise Agreement.

8.3 Loans to the Company. The Manager shall, from time to time, lend from \$2,500 to \$10,000 to the Company for working capital. The loans by the Manager to the Company shall be repaid in accordance with the provisions of a promissory note by the Company.

XI. LIABILITY OF MEMBERS; INDEMNIFICATION

11.1 Liability of Members. Except as otherwise expressly provided for in this Agreement, a Member shall not be liable, responsible, or accountable, in damages or otherwise, to any other Member or the Company for any act performed by the Member with respect to Company matters, except for such Member's fraud, gross negligence, diversion of Company assets, intentional violation of law, or intentional breach of this Agreement.

11.2 Indemnification by the Company. Except as contemplated herein, the Company shall indemnify and hold harmless the Manager and its owners, employees, representatives, agents,

successors and assigns (collectively, the “*Indemnitees*”) against any and all claims, actions, demands, costs, expenses (including reasonable attorneys’ fees and expenses through all appeals), damages and losses as a result of any allegation, claim or legal proceeding relating to any act or omission concerning the activities of the Company, unless the Indemnitee against whom any such allegation or claim is made or legal proceeding directed was, in connection with such allegation, claim or legal proceeding, found guilty by a court of competent jurisdiction of fraud, gross negligence, diversion of Company assets, intentional violation of law, or an intentional breach of this Agreement. The indemnification of an Indemnitee shall be limited to and recoverable only out of the assets of the Company.

11.3 Indemnification by the Operating Member. The Operating Member agrees to indemnify, defend and hold the Company 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 the Company as a result of (a) the Operating Member’s breach or other failure to perform its 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 by the Operating Member. If any third-party claim that is subject to this indemnification provision is asserted against the Company, the Operating Member must promptly notify the Manager. The provisions of this Section 11.3 shall survive the expiration of or any earlier termination of this Agreement.

XII. TERMINATION; COVENANTS NOT TO COMPETE AND/OR SOLICIT

12.1 Termination

(a) Termination by Operating Member. The Operating Member shall have the right to terminate this Agreement, upon at least thirty (30) days prior written notice to the Manager, if the Manager materially defaults in its obligations hereunder and fails to cure the default within a reasonable time after written notice to the Manager, not to exceed ten (10) business days (the “*Manager’s Cure Period*”). The Operating Member shall not have the right to terminate this Agreement unless the Manager materially defaults in its obligations hereunder and fails to cure the default within the Manager’s Cure Period.

(b) Termination by Manager. The Manager shall have the right to terminate this Agreement, upon at least ten (10) days prior written notice to the Operating Member, if the Operating Member materially defaults in its obligations hereunder and fails to cure the default with a reasonable time after written notice to the Operating Member, not to exceed five (5) business days (the “*the Operating Member’s Cure Period*”). The Manager shall not have the right to terminate this Agreement unless the Operating Member materially defaults in its obligations hereunder and fails to cure the default within the Operating Member’s Cure Period.

(c) Members’ Obligations upon Termination. Within five (5) business days following the termination of this Agreement by either the Manager or the Operating Member for any reason, the Operating Member shall deliver all of the assets and equipment of the Company to the Manager and the Manager will, upon its receipt of all of the assets and equipment of the Company, pay any amounts due and payable to the Operating Member hereunder, less any applicable set offs.

12.2 Covenants Against Competition and Solicitation

(g) So long as the Operating Member continues to be the Operating Member of the Company, the Operating Member shall not, directly or indirectly, for itself, 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 Company to any other party (including the Operating Member acting in any capacity other than the Operating Member of the Company pursuant to the provisions of this Agreement) by direct or indirect inducement or otherwise;

(iv) Provide any Services, directly or indirectly, other than in the Operating Member's capacity as the Operating Member of the Company and on behalf of the Company pursuant to the provisions of this Agreement; or

(v) Directly or indirectly own, maintain, engage in, or have any interest in any other business which is engaged in providing any of the Services.

(h) In the event the Operating Member terminates this Agreement other than by reason of the Manager's material default under this Agreement, or the Manager terminates this Agreement as a result of the Operating Member's default hereunder, or the Manager or the Company exercises its right to buy back the Operating Member's membership interest in the Company in accordance with the provisions of Section 7.6.1 of this Agreement, the Operating Member shall not, for a continuous uninterrupted period continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person or entity:

(i) Solicit or provide any Services to any customer or account to whom the Company has provided any services during the prior 12-month period or divert or attempt to divert any such customer or account to any competitor or other party, including the Operating Member or a business that the Operating Member owns or operates; or

(ii) Operate or manage any business that provides any Services, or provide any Services, within the Territory (as defined in the Franchise Agreement) or any other area where the Company has provided any Services during the prior 12-month period; or

(iii) Offer or provide any Services within five (5) miles from any commercial customer or retail account which the Company has provided any Services to during the prior 12-month period.

(i) The parties agree that each of the restrictive covenants contained in Section 12.2 is independent of and divisible and severable from the others and is necessary and reasonable to protect legitimate interests of the Company's business. In the event the geographic or temporal scope of Section 12.2 is deemed excessive under applicable law by an arbitrator or court in an action to enforce the provisions of Section 12.2, only the remaining subsections of Section 12.2 shall apply.

(j) If the Operating Member fails to voluntarily to comply with any of the restrictive covenants contained in Section 12.2, the Operating Member shall pay to the Company an amount equal to the damages actually sustained by the Company or 30% of the Operating Member's gross sales in violation of the provisions of this Agreement, whichever amount is greater, and the two-year limitation period provided for in Section 12.2(b) will not expire until two years after the Operating Member begins to voluntarily to comply with the provisions of Section 12.2(b) or an order of an arbitrator or court enforcing this provision, whichever shall first occur. If the

Company is required to engage an attorney or take any action to enforce the foregoing restrictive covenants, the Operating Member must also reimburse the Company for all of its costs and expenses, including reasonable attorney's fees and the costs of investigating and/or prosecuting such action.

(k) The existence of any claim the Operating Member may have against the Company or the Manager, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of the covenants contained in Section 12.2.

(l) The parties agree that the Operating Member's failure to comply with any requirement of Section 12.2 will cause the Company irreparable injury for which no adequate remedy at law may be available. Accordingly, in such event, the Company shall be entitled to injunctive relief prohibiting any conduct by the Operating Member or anyone acting in concert with the Operating Member in violation of the terms of Section 12.2, 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.

(m) The provisions of Section 12.2 shall survive the expiration or any earlier termination of this Agreement.

(n) The Company shall have the right, in its sole discretion, to reduce the scope of any covenant contained in Section 12.2, without the Operating Member's consent, and the Operating Member agrees that it shall comply immediately with any covenant so modified, which shall be fully enforceable. 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, the parties 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.

XIII. ARBITRATION OF DISPUTES

13.1 Disputes to be Arbitrated. Except as set forth in Section 13.5, any controversy, claim or dispute arising out of or relating in any way to 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.

13.2 Mediation. Before any party may commence an arbitration proceeding against the other with respect to any claim or dispute under this Agreement, 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.

13.3 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.

13.4 Procedures. The arbitration provisions of this Section 13 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.

13.5 Excepted Disputes. The obligation to arbitrate shall not be binding upon any party with respect to claims relating to 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.

XIV. DISSOLUTION OF THE COMPANY

14.1 Events of Dissolution. The Company shall be dissolved upon the happening of any of the following:

- 31.14.1.1 The affirmative vote of the Manager;
- 32.14.1.2 An event which makes it unlawful for the Company's business to
33.continue; or
- 34.14.1.3 The entry of a decree of judicial dissolution.

14.2 Winding Up. Upon dissolution under Section 14.1 hereof, no further business shall be conducted by the Company except for the taking of such action as shall be necessary for the winding up of the affairs of the Company and the distribution of its assets to the Members pursuant to the provisions hereof. The Manager shall act as the liquidator (the "Liquidator").

14.3 Sale of Company Assets. Upon dissolution, the Liquidator shall sell such of the Company assets as such Liquidator deems necessary or appropriate. In lieu of the sale of any or all of the Company property, the Liquidator may convey and assign all or any part of the Company property to the Members in undivided interests as tenants in common or such other form of similar ownership as shall be applicable to the jurisdiction where the property is located. A full accounting shall be made of the accounts of the Company and each Member thereof and of the Company's assets, liabilities and income, from the date of the last accounting to the date of such dissolution. The Profits and Losses of the Company shall be determined to the date of dissolution and allocated, as provided in Article V hereof, to the respective Capital Accounts of the Members. In accounting for distributions of Company property, such property shall be valued at the fair market value at the date of dissolution as determined by an appraisal secured by the Liquidator, except that no value shall be placed upon the firm name or goodwill of the Company. Any difference between the valuation of the Company property and its book value shall be considered as though it represented Profit or Loss and shall be allocated to the Capital Accounts of the Members as provided in Article V hereof. Any gain or loss on disposition of Company property shall be credited or charged to the Capital Accounts of the Members in the same manner as the difference between the valuation of Company property and its book value.

14.4 Distribution of Assets. The Liquidator shall apply the remaining Company assets, in the following order of priority:

- 35.14.4.1 First to creditors, including Members who are creditors, to the
extent
- 36.otherwise permitted by law, in satisfaction of liabilities of the Company, other than liabilities for which reasonable provision has been made and liabilities of the type referred to in the following paragraph.

37.14.4.2 Next to the Members in accordance with their respective positive Capital Account Balances as of the date of such distribution, after giving effect to all contributions, distributions and allocations for all periods, including the period during which Liquidation occurs.

14.5 Filing of Certificate of Cancellation. If the Company is dissolved, the Manager

shall promptly file a Certificate of Cancellation with the Secretary of State.

XV. ACCOUNTING PROVISIONS

15.1 Fiscal Year. Unless the Manager decides otherwise, the fiscal year of the Company shall be the year ended December 31.

15.2 Tax Elections. In the case of a distribution of property made in the manner provided in the Code, or in the case of a transfer of an Interest in the Company permitted by this Agreement made in the manner provided in the Code, the Manager, on behalf of the Company, may file an election under the Code in accordance with the procedures set forth in the applicable Regulations.

15.3 Accounting Records. Adequate accounting records of all Company business shall be maintained and shall be open to inspection by any of the Members at all reasonable times. The Company shall maintain its accounting records and shall report for income tax purposes on the cash or accrual method of accounting, as determined by the Manager. Within ninety (90) days after the end of each taxable year and at the expense of the Company, the Manager shall cause to be prepared a complete accounting of the affairs of the Company (which accounting shall be furnished to each Member), together with whatever appropriate information is required by each Member for the purpose of preparing such Member's income tax return for that year, which information shall be furnished to each Member. The Company shall maintain its books and records on a basis consistent with Section 15.1.

XVI. MISCELLANEOUS

16.1 Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given or made if hand delivered or mailed from within the United States by certified mail, postage prepaid and addressed to a Member at such Member's address set forth on Exhibit A hereto, as may be amended from time to time. Time periods shall commence on the date of hand delivery or mailing of a notice or any other communication. Any notice which is required to be given within a stated period of time shall be considered timely if postmarked before midnight of the last day of such period. Any Member may change its address by giving notice in writing stating its new address to the Manager. Commencing on the third (3rd) day after the giving of such notice, such newly designated address shall be such Member's address for the purposes of all notices or other communications required or permitted to be given pursuant to this Agreement.

16.2 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State, including without limitation, the Act.

16.3 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns, except as otherwise expressly provided herein.

16.4 Units Held For Investment. Each Member does hereby represent and warrant by the execution of this Agreement that (i) such Member's Units were obtained for investment purposes only and not for resale or distribution, and (ii) such Member has not relied on the advice of any other Member in making its decision to contribute to the Company and become a Member hereof.

16.5 Application of Subchapter K. No election shall be made by the Company or the Manager for the Company to be excluded from the application of the provisions of Subchapter K of the Code, or from any similar provisions of state and foreign tax laws which relate to the taxation of partnerships.

16.6 Waiver of Partition. Each Member (and its representatives, successors and assigns) hereby irrevocably waives any and all right to maintain any actions for partition or to compel any sale with respect to any assets or properties of the Company.

16.7 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

16.8 Variations in Pronouns. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

16.9 Counterparts. This Agreement may be executed simultaneously in two or more counterparts each of which shall be deemed an original, and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

16.10 Confidentiality. Each Member recognizes and acknowledges that such Member has in the past, currently has, and in the future will have certain confidential information of the Company such as lists of customers, operational policies, and pricing and cost policies that are valuable, special and unique assets of the Company. Each Member agrees that for as long as such Member owns any Unit of the Company and after such Member ceases to own any Units, such Member will not disclose such confidential information to any person, firm, corporation, association or other entity for any purpose or reason whatsoever, except to (i) authorized representatives of the Company, (ii) its Affiliates, counsel, accountants, partners, shareholders, members, officers, directors, agents and representatives who have a need to know and who have been advised of and agree to comply with this Section 17.10.1 and (iii) to the extent required by law, applicable accounting, securities or industry regulations or order of a court of competent jurisdiction. Additionally, no Member shall, directly or indirectly, disparage, or otherwise injure the reputation of the Company, its products, or its Members, employees, agents or other representatives.

38.

39. In the event of a breach or threatened breach by a Member of any provision of this Section 17.10, the Company shall be entitled to an injunction restraining such Member from disclosing, breaching, or continuing to breach the covenants contained therein. Nothing herein shall be construed as prohibiting the Company from pursuing any other available remedy for such breach or threatened breach, including, without limitation, the recovery of monetary damages.

16.11 Severability. It is the intention of the parties that this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought, but that the unenforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable (including, without limitation, as to duration or geographic area), either in whole or in part, this Agreement shall be deemed amended to delete or

modify, as necessary, the offending provision and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible.

16.12 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between the parties concerning the subject matter hereof and supersede any prior oral or written agreements between the parties. 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.

IN WITNESS WHEREOF, the Members have executed this Agreement as of the day and year first above written.

By: _____

Name:

Title:

Date:

Name:

Title:

Date:

EXHIBIT A TO OPERATING AGREEMENT

OWNERSHIP OF UNITS

Members	Units	Initial Capital Contribution
Manager: [to be determined] Address:	900	Consideration other than cash
Operating Member: [to be determined] Address:	100	Consideration other than cash
TOTAL	1,000	

Date: ____, 202__

EXHIBIT B TO OPERATING AGREEMENT

PURCHASE OF MEMBERSHIP INTEREST AND JOINDER AGREEMENT

The undersigned (the “*Undersigned*”) hereby (a) purchases one hundred (100) Units of membership interest in _____, LLC (the “*Company*”), representing 10% of the total issued and outstanding membership interests of the Company, and agrees to become the Operating Member of the Company, as defined in the Limited Liability Company Operating Agreement of the Company, dated as of _____, 202____ (the “*Operating Agreement*”), in consideration for the Undersigned’s agreement to act as the Operating Member of the Company in accordance with the provisions of the Operating Agreement, and (b) unconditionally and irrevocably agrees to be subject to and personally bound by the Operating Agreement and all of the restrictive covenants contained in the Unit Franchise Agreement between the Company and Total Car Franchising Corporation which are applicable to the Company thereunder, as fully as if the Undersigned was a signatory to each agreement, effective upon the date set forth below.

Name:

Date:

_____, LLC

By: _____

Name:

Title:

Date:

EXHIBIT E

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EXHIBIT F

CURRENT FRANCHISEES

ALABAMA (8)

Anniston

2435 Ridgeview Rd, Anniston, AL 36207
205-292-0745
Franchisee: Josh Baxley

Boaz

1141 Brock Rd., Boaz, AL 35957
256-505-1885
Franchisee: Scott Silvernail

Calera

206 Carrington Ln., Calera, AL 35040
205-908-1444
Franchisee: John Spargo

Cottondale

6822 Golden Acres Lane, Cottondale, AL 35453
205-292-0743
Franchisee: Greg Baxley

Guntersville

111 Hidden Valley Road Lot A, Guntersville, AL 35976
256-673-0970
Franchisee: Paul Silvernail

Joppa

1914 Country Rd. Joppa, AL 35087
256-640-3096
Franchisee: Miguel Arroyo

Madison

189B Alton Lynch Circle, Madison, AL 35757
256-605-3370
Franchisee: Kyle Pockrus

1026 Pettus Road, Madison, AL 35757
803-269-2750
Franchisee: Todd Dumas

ARKANSAS (18)

Bentonville

PO Box 1942, Bentonville, AR 72712
479-250-2938
Franchisee: Benjamin Muthig

Bella Vista

4 Billingsley Lane, Bella Vista, AR 72715
573-625-3183
Franchisee: Jack Hinkle

2 Boxford Circle, Bella Vista, AR 72715
479-236-1718
Franchisee: Douglas Gomez

Booneville

2696 South State Hwy 217, Booneville, AR 72927
903-277-7860
Franchisee: Mike Nicholson & Cameron Quintero

Fayetteville

10157 Northwest Jeter Rd., Fayetteville, AR 72701
479-657-0503
Franchisee: Justin Hammer

11530 Pearce Road, Fayetteville, AR 72701
479-466-2490
Franchisee: Travis Billingsley

Haratio

322 N. Fowlkes St., Haratio, AR 71834
870-648-2516
Franchisee: Luis Agado

Mena

117 Deal Hill Lane, Mena, AR 71953
479-216-6905
Franchisee: Evan Yeager

1813 Oaklawn Dr., Mena, AR 71953
479-216-3169

Franchisee: Eric Yeager

Prairie Grove

334 Eastwood Drive, Prairie Grove, AR 72753

804-937-1988

Franchisee: Jon Norton

421 E McCormick St., Prairie Grove, AR 72753

479-595-2011

Franchisee: Matthew Smith

216 South Ozark St., Prairie Grove, AR 72753

479-249-7667

Franchisee: Simon King

Rogers

2301 S Mont Blanc Ave., Rogers, AR 72758

918-340-3064

Franchisee: Caelin Cribb

404 West Gillian Ave., Rogers AR 72758

864-419-0597

Franchisee: Chris Sifford

Springdale

4100 Rochester Circle Unit D, Springdale, AR 72764

479-305-0603

Franchisee: Chance Clark

5764 N. Thompson Street Suite D, Springdale, AR 72764

479-200-7592

Franchisee(s): Daniel Billingsley & Josh Leaton

5540 Blake Ln Springdale, AR 72762

479-926-9353

Franchisee: Ezekiel Newcomb

West Fork

11369 Campbell Rd., West Fork, AR 72774

479-841-8045

Franchisee: Jake Ray

CALIFORNIA (32)

Aliso Viejo

2 Enterprise Apt. 10308, Aliso Viejo, CA 92656
949-545-8200
Franchisee: Jeffrey Bigelow

Carmichael

3142 Garfield Ave., Carmichael, CA 95608
916-761-0500
Franchisee: Dennis Guevin

5800 Auburn Blvd., Suite 14. Carmichael, CA 95608
916- 813-2340
Franchisee: Mobile Automotive Cosmetics LLC (Zennes Faljean, Jeremy Choi)

Davis

812 10th Street, Davis, CA 95616
360-489-2981
Franchisee: Asaunnei Munson

Fountain Valley

11647 Rosemary Ave., Fountain Valley, CA 97208
657-575-5719
Franchisee: Oscar Nava

Hemet

379 Presidents Ave., Hemet, CA 92543
951-616-0357
Franchisee: Marky Miller

Niguel

29542 Via Valverde, Laguna Niguel, CA 92677
949-283-6045
Franchisee: Elton Forfar

North Highlands

4069 Bainbridge Dr. North Highlands, CA 95660
916-224-0417

Franchisee: Alejandro Corales

Lake Forest

P.O. Box. 8, Lake Forest, CA 92630
949-768-5500
Franchisee: Mark Plomaritis

Menifee

26011 Holland Rd., Menifee, CA 92574
951-665-2837
Franchisee: Michael Miller

30951 Hanover Ln Apt# 3605, Menifee, CA 92584
951-271-2586
Franchisee: Vincent Romanello

Mission Viejo

26562 Via Cuervo, Mission Viejo, CA 92691
949-929-7493
Franchisee: Jose Morales

Moreno Valley

22337 Scarlet Sage Way, Moreno Valley, CA 92557
951-830-7122
Franchisee: Steve Vines

Murietta

33620 Mapleton Ave. #1112, Murietta, CA 92563
619-942-2619
Franchisee: Donald Basile-Gregg

Oakland

1590 45th Ave., Oakland, CA 94601
510-485-6013
Franchisee: Abraham Cervantes

4748 Brookdale Ave., Oakland, CA 94619
831-901-6330
Franchisee: Dan Fleischmann

Poway

13616 Los Olivos Ave., Poway, CA 92064
858-679-5310
Franchisee: Gary Finn on behalf of Scott Mink

Sacramento

7909 Carmencita Ave., Sacramento, CA 95829
916-869-3358
Franchisee: Chad Dunivan

2308 Pamela Ln., Sacramento, CA 95825
916-488-8977
Franchisee: Dennis Barkman

3141 Shasta Way, Sacramento, CA 95821
916-997-9828
Franchisee: Jason Jones

2401 Sandringham Rd., Sacramento, CA 95825
916-893-5960
Franchisee: Matthew Barrie

2395 Drayton Drive, Sacramento, CA 95825
916-533-2857
Franchisee: Seth Jones

PO Box 60713, Sacramento, CA 95860
916-997-7766
Franchisee: Todd Esquer

San Diego

9210 Reagan Rd., San Diego, CA 92126
858-829-4591
Franchisee: John Reddoch IV

San Jose

7026 Baskins Ridge Ave., San Jose, CA 95138
408-761-6614
Franchisee: Loc Luan

San Leandro

1621 Thrush Ave., San Leandro, CA 94578
510-415-4644
Franchisee: Cristian Santoyo

Sutter

2469 Acacia Ave., Sutter, CA 95982
530-701-2632
Franchisee: Mike Tafalla

Union City

2455 Cameron Drive, Union City, CA 94587
510-386-4183
Franchisee: Zachary Bailey

West Sacramento

1620 Virginia Ave., West Sacramento, CA 95691
916-273-0591
Franchisee: Darrien Tinoco

Wildomar

34171 Olive Grove Rd., Wildomar, CA 92595
951-796-6093
Franchisee: Lambor Hall

Winters

30381 Positas Rd., Winters, CA 95694
707-359-8170
Franchisee: Edward Esquer

Wilton

9500 Cosumnes Rd., Wilton, CA 95693
916-955-4468
Franchisee: Wade Burghoffer

COLORADO (10)

Bailey

106 Ridge Lane, Bailey, CO 80421
303-261-6271
Franchisee: Michael Moss

Colorado Springs

8293 Wheatlands Drive, Colorado Springs, CO 80907
719-337-7444
Franchisee: Duncan Johnson

2814 Dusk Drive, Colorado Springs, CO 80918
719-499-1073
Franchisee: Shaun Lockett

Conifer

23900 Pleasant Park Rd., Conifer, CO 80433
303-908-0551
Franchisee: Jeremy Molnar

23572 Black Bear Trail, Conifer, CO 80433
303-901-8313
Franchisee: Matthew Bell

Highlands Ranch

79 Prairie Ridge Road, Highlands Ranch, CO 80126
540-525-8600
Franchisee: Dylan James

Lafayette

2806 Arapahoe Road Unit 304, Lafayette, CO 80026
530-307-9432
Franchisee: Seth Churchill

Littleton

8150 West Stene Drive, Littleton, CO 80128
303-888-1472
Franchisee: Troy Weingardt

Wellington

4435 Halleck Lane, Wellington, CO 80549
970-405-2989
Franchisee: Aaron Geiser

Westminister

13437 N Osage St., Westminister, CO 80234
720-544-1379
Franchisee: Kameron Filkin

CONNECTICUT (2)

Greenwich

16 Smith Street South, Greenwich, CT 06830
914-733-2860
Franchisee: Maxwell Mega

New Haven

16 Merritt Ave., White Plains, NY 10606
914-523-9324
Franchisee: Peter Lawrence

DELAWARE (1)

Newark

1200 Dorchester Drive, Newark, DE 19713
610-803-5019
Franchisee: Nathan Critchlow

FLORIDA (26)

Boynton Beach

3795 Redman Parkway, Boynton Beach, FL 33436
561-275-9987
Franchisee: Gabriel Falcones

330 SE 34th Ave., Boynton Beach, FL 33435
561-704-2164
Franchisee: Jeremy Wilson

1025 Gateway Blvd. Boynton Beach, FL 33426
561-306-7939
Franchisee: Aaron Sills

Englewood

1811 Englewood Rd. #271, Englewood, FL 34223
941-391-2672
Franchisee: Sean Sander

Fort Lauderdale

5820 SW 13th Street, Fort Lauderdale, FL 33317
865-924-0266
Franchisee: Daniel Dennison

Hernando

1459 E. Redpoll Trail, Hernando, FL 34442
352-682-5474
Franchisee: David Jandran

Hollywood

1610 Liberty St. Apt. 5, Hollywood, FL 33020
954-798-4386
Franchisee: Scott Grossman

Jacksonville

445 Monument Rd., Apt. 704, Jacksonville, FL 32225
904-413-2482
Franchisee: Jens Geroy & Marilou Tumanda

12166 Abberley Cir. Jacksonville, FL 32256
904-994-6382
Franchisee: Chris Alcantara

659 Seabrook Parkway, Jacksonville, FL 32211
904-947-5451
Franchisee: Justin Pagán

Lake Worth

5700 Priscilla Lane, Lake Worth, FL 33463
561-827-1616
Franchisee: Charles Permaul

Margate

3315 Pinewalk Dr. North, Apt 106, Margate, FL 33063
954-798-4812
Franchisee: Jack Grossman

6128 Edwards Road, Margate, FL 33063
954-682-5474
Franchisee: Phil Grossman

Neptune Beach

2158 Oleander Place, Neptune Beach, FL 32266

904-514-4582

Franchisee: Melanie Canuto

Ponte Vedra Beach

264 Deer Ridge Dr., Ponte Vedra Beach, FL 32081

904-400-0336

Franchisee: Matthew Pettibone

Port Richey

7138 Box Elder Drive, Port Richey, FL 34668

813-625-2615

Franchisee: Chris Burkett

7138 Box Elder Drive, Port Richey, FL 34668

813-690-5466

Franchisee: David Burkett

Port St. Lucie

891 South East Degan Dr., Port St. Lucie, FL 34983

561-909-9259

Franchisee: Randy De LaCruz

Royal Palm Beach

10312 Fox Trail Rd. S, Apt. 1008, Royal Palm Beach, FL 33411

561-504-1160

Franchisee: Pedro Falcones

Sarasota

6010 Wilkinson Road, Sarasota, FL 34233

518-368-9181

Franchisee: Colin Reinert

2231 Pine Terrace, Sarasota, FL 34231

865-766-9108

Franchisee: Shawn Dennison 4813 Silver Topaz St., Sarasota, FL 34233

4813 Silver Topaz St. Sarasota, FL 34233

901-292-6585

Franchisee: Chris Hilliard

Tallahassee

1631 Marcia Ave, Tallahassee, FL 32310

850-666-9452
Franchisee: David Sizer

West Palm Beach

4907 Palm Brooke Circle, West Palm Beach, FL 33417
954-444-7233
Franchisee: Freddy Falcones

424 Hunter St., West Palm Beach, FL 33405
561-541-6931
Franchisee: Javier Gonzalez

4101 San Marino Blvd., West Palm Beach, FL 33409
561-313-7831
Franchisee: Ronal Ramirez

GEORGIA (8)

Acworth

3915 Spearmint Ln., Acworth, GA 30101
440-789-3319
Franchisee: Leonel Alcantra

Buford

5875 Lakeshore Rd., Buford, GA 30518
770-843-7003
Franchisee: Kent Hilton

Columbus

PO Box 8721, Columbus, GA 31904
706-325-4624 / 706-580-1270
Franchisee(s): Art Leeper, Gregory Stewart

Cumming

5750 Rialto Way, Cumming, GA 30040
765-748-2354
Franchisee: Matthew Martz

Forest Park

711 Kennessaw Dr. Forest Park, GA 30297
678-993-9433

Franchisee: Fernando Ibarra

Marietta

3011 Wendmead Place, Marietta, GA 30064
813-373-3890
Franchisee: Jonathan Ocello

Milton

1927 Freemanville Crossing Ct., Milton, GA 31904
904-955-7750
Franchisee: Robert Ocello

Rossville

835 Schmitt Rd., Rossville, GA 30741
423-580-6988
Franchisee: Ray Harris

HAWAII (4)

Honolulu

520 Lunalino Home Road, Unit 6213, Honolulu, HI 96825
(808) 306-9806
Franchisee: Jason Steele

Kailua

111-A Hekili St., Kailua, HI 96734
808-478-3382
Franchisee: Cary DeRosa

534 Ulumawao Street, Kailua, HI 96734
808-330-7016
Franchisee: Josh Hatori

150 Hamakua Drive, PMB 771, Kailua, HI 96734
(808) 478-0173
Franchisee: Robert Lichter

KENTUCKY (1)

Russellville

2240 Nashville Rd., Russellville, KY 42276
270-725-0501
Franchisee: Greg Maley

LOUISIANA (6)

Bossier City

1203 Pelican Ln., Bossier City, LA 71112
318-347-2876
Franchisee: Peter Schilling

Marrero

1713 Gaise St, Marrero, LA 70072
(504) 616-0841
Franchisee: Clay Richards

Shreveport

3820 N Market St Building B, Shreveport, LA 71107
318-455-8141
Franchisee: Chris & Tessa Hall

Slidell

1059 Peninsula Drive, Slidell, LA 70460
985-960-0511
Franchisee: Doug Zalenski

33266 Idlewild Pines Rd, Slidell, LA 70460
(214) 868-1152
Franchisee: Patrick Faciane

432 Sunset Dr., Slidell, LA 70460
214-477-7678
Franchisee: Eric Krumm

MARYLAND (1)

Reisterstown

5401 Mt. Gilead Rd., Reisterstown, MD 21136
(410) 429-0939
Franchisee: Mike Quinn

MICHIGAN (2)

Lincoln Park

907 Garfield St., Lincoln Park, MI 48146

239-229-6828

Franchisee: Robert Sizemore

1427 Progress, Lincoln Park, MI 48146

313-363-5425

Franchisee: Gordon McElroy & Roger Fleming

MISSOURI (3)

Oldfield

164 Bobcat Lane, Oldfield, MO 65720

(417) 288-9538

Franchisee: Billy Routt

Springfield

3431 North Farm Rd., Springfield, MO 65803

417-655-1630

Franchisee: Bryan Schmidt

3254 N. Dysart Ave, Springfield, MO 65720

417-440-9710

Franchisee: Sergio Rodriguez

NEW MEXICO (3)

Albuquerque

5717 La Corrida Road NE, Albuquerque, NM 87110

(505) 573-1229

Franchisee: Miguel Munoz

Farmington

2001 Glade Road, Farmington, NM 87401

505-419-3368

Franchisee: Caleb Scheffing

Rio Rancho

101 Birch Court, Rio Rancho, NM 87124

(505) 818-8974
Franchisee: Jeromy Montoya

NEW YORK (12)

Dover Plains

P.O. Box 315, Dover Plains, NY 12522
914-960-1847
Franchisee: Richard Bonivita

Gansevoort

65 Robbins Rd, Ganesvoort, NY 12831
518-496-8188
Franchisee: Christian Page

Hartsdale

320 West Hartsdale Ave., Hartsdale, NY 10530
914-490-7345
Franchisee: David Lee & Mark Mega

120 E. Hartsdale Ave #2D, Hartsdale, NY 10530
561-818-3939
Franchisee: Michael Grimaldi

Mohegan Lake

1611 Mogul Drive, Mohegan Lake, NY 10547
914-879-1123
Franchisee: Rollin Butch Truitt

New Windsor

276 Temple Hill Rd., New Windsor, NY 12553
(865) 235-6749
Franchisee: Bryan Moss

Pawling

17 Wilkinson Hollow Road, Pawling, NY 12564
(914) 774-1306
Franchisee: Jordan Lee

Pine Bush

15 Calabrese Drive, Pine Bush, NY 12566
(845) 741-7549
Franchisee: Kenny Ostrom

Schenectady

1107 Hellberg Ave, Schenectady, NY 12306
(806) 881-3714
Franchisee: Jose Manuel Rico

Sloatsburg

412 Woodmont Ln. Sloatsburg, NY 10974
719-271-9009
Franchisee: Alan Sheets

White Plains

10 Crest Drive, White Plains, NY 10607
(914) 490-7344
Franchisee: Jody Hoffman

Yonkers

9 Nassau Road, Yonkers, NY 10710
914-557-1772
Franchisee: Pedro Lopez

NORTH CAROLINA (6)

Clayton

305 Buttonwood Ln., Clayton, NC 27520
919-738-9089
Franchisee: David Taylor

Timberlake

95 Hooten Dr., Timberlake, NC 27583
919-730-7852
Franchisee: Cecil Johnson

Wake Forest

3525 Catlett Farm Rd., Wake Forest, NC 27587
(919) 971-2468
Franchisee: Eric Lind

Wendell

5529 Watkins Rd., Wendell, NC 27591
919-266-1989
Franchisee: Lloyd Lind

Wilmington

310 Brookshire Ln., Wilmington, NC 28409
703-932-0061
Franchisee: Glenn Buck

4946 A Park Ave., Wilmington, NC 28403
910-520-9898
Franchisee: Sam Killen

OKLAHOMA (6)

Broken Arrow

5005 S.195th E Place, Broken Arrow, OK 74012
918- 894-9321
Franchisee: Corey Cribbs

Oklahoma City

3101 NW 44th Street, Oklahoma City, OK 73112
405-958-6078
Franchisee: Ryan Townsend

Purcell

PO Box 1566, Purcell, OK 73080
405-694-7435
Franchisee: Brett Clark

20421 Highpoint Rd., Purcell, OK 73080
405-641-2391
Franchisee: Billy Simpson

Tulsa

8847 E 77th Place., Tulsa, OK 74133
918-568-2436

Franchisee: Gerardo Flores

Washington

183 Mallard Row, Washington, OK 73093
405-613-1830
Franchisee: Danny Clark

PENNSYLVANIA (7)

East Greenville

334 Main St. Apt C1, East Greenville, PA 18041
215-804-5542
Franchisee: Stephen Hasson

Glen Mills

11 Waterwheel Way, Glen Mills, PA 19342-2349
(610) 500-1508
Franchisee: Corey Dyer

Lancaster

653 Central Manor Rd., Lancaster, PA 17603
717-285-9172
Franchisee: Troy Jones

Pottstown

81 Sage Drive, Pottstown, PA 19465
484-354-8221
Franchisee: Daniel Renninger

Royersford

227 N 5th Avenue, Royersford, PA 19468
(610) 618-9335
Franchisee: Mike McMonagle

Schwenksville

544 Gerloff Rd, Schwenksville, PA 19473
610-212-5261
Franchisee: Benjamin Moister

932 Gravel Pike, Schwenksville, PA 19473

(484) 366-5757
Franchisee: Eric Tran

SOUTH CAROLINA (23)

Blythewood

926 Swygert Rd., Blythewood, SC 29016
803-309-3432
Franchisee: Daniel Hartness

Chapin

103 Glenwood Rd., Chapin, SC 29036
803-309-4792
Franchisee: Michael Cameron, Sr.

112 Glenwood Rd., Chapin, SC 29063
803-944-0021
Franchisee: Nathan Garlington

Columbia

108 Paces Brook Ave., Apt. 10817, Columbia, SC 29212
803-351-2964
Franchisee: James Cameron

2170 North Lake Dr Apt 1224, Columbia, SC 29212
803-348-3636
Franchisee: Jeremy Nance

477 Regency Park Drive, Columbia, SC 29210
803-528-3937
Franchisee: Joshua Cameron

205 Char Oak Drive, Columbia, SC 29212
803-351-8091
Franchisee: Robert Chace Jr.

Conway

2739 Lee's Landing Circle, Conway, SC 29526
843-655-1803
Franchisee: Dean Jack Brown

907 Cox Ferry Circle, Conway, SC 29526
843-997-8691

Franchisee: JM Chaisson

911 Cox Ferry Circle, Conway, SC 29526
843-655-1777

Franchisee: John Edward Chaisson, III

3419 Utermark Dr., Conway, SC 29526
843-591-7675

Franchisee: Robbie Raymo

1243 Riverside Drive, Conway, SC 29526
843-655-1803

Franchisee: Russell Boatwright

Goose Creek

221 Persimmon Circle, Goose Creek, SC 29445
843-324-0985

Franchisee: Ryan Hogue

111 Candlebury Circle, Goose Creek, SC 29445
843-670-4749

Franchisee: Denis Kerr

360 Camelot Dr., Goose Creek, SC 29445
843-952-3332

Franchisee: Joel Lyons

111 Barrington Blvd., Goose Creek, SC 29445
843-670-9624

Franchisee: Michael Pierce

Lexington

148 Robin Rd., Lexington, SC 29073
803-348-5506

Franchisee: Art Blosser

345 Shell Brooke Way, Lexington, SC 29073
803-414-0508

Franchisee: Jon Testrake

Moncks Corner

317 Winford Ct., Moncks Corner, SC 29461
843-810-7027

Franchisee: Dale Dolbee

Myrtle Beach

172 Carolina Lakes Blvd., Myrtle Beach, SC 29588
843-421-6665
Franchisee: Alex Scroggins

Summerville

226 Ruby Street, Summerville, SC 29483
843-297-0078
Franchisee: Steve Hughes

9986 Jamison Rd., Summerville, SC 29485
843-324-0963
Franchisee(s): Car Guyz LLC (Ron Regopolous & Benden Dwyer)

West Columbia

105 Catalina Drive, West Columbia, SC 29170
803-309-6506
Franchisee: Chris Grissom

TENNESSEE (12)

Alcoa

1207 Grant Street, Alcoa, TN 37701
865-556-3004
Franchisee: Chad Dennison

Chattanooga

6574 E. Brainerd Rd. Apt. 1903, Chattanooga, TN 37421
423-580-6988
Franchisee: Cornelius Ray Harris, Jr.

1839 Jenkins Rd. Chattanooga, TN 37421
954-465-6699
Franchisee: Giovanni Bonilla

Hendersonville

1010 Countrywood Dr., Hendersonville, TN 37075
615-822-2204
Franchisee: Keith Arrington

Knoxville

2708 Woodbine Ave., Knoxville, TN 37914
865-206-3109

Franchisee: Neftali Soria Torres

1425 Asrock Dr., Knoxville, TN 37924

865-387-2718

Franchisee: Alex Soria

La Vergne

522 Woodland Hills Dr., La Vergne, TN 37086

615-579-6672

Franchisee: Jeff Smith

Louisville

1537 Johnathan Dr., Louisville, TN 37777

865-254-1530

Franchisee: Clarence Dennison

Mooreburg

105 Mountain Cove Dr., Mooreburg, TN 37811

423-754-4746

Franchisee: Russell Critchlow

Murfreesboro

2949 Waywood Dr. Murfreesboro, TN 37128

423-737-4960

Franchisee: Preston Brockway

Ooltewah

4208 Green Shanty Rd., Ooltewah, TN 37363

423-505-1694

Franchisee: Justin Sloan

Seymour

906 Long John Trace, Seymour, TN 37865

865-603-3115

Franchisee: Ben Critchlow

TEXAS (14)

Fort Worth

4000 Hulen Place #466, Fort Worth, TX 76107
512-806-3899
Franchisee: Zach Everton

Houston

2100 Bering Dr., Houston, TX 77057
713-382-7918
Franchisee: Rodney Copeland

Kilgore

200 Parkview Estates, Apt 23, Kilgore, TX 75662
903-503-5717
Franchisee: Tyler Cone

Longview

602 Krista St., Longview, TX 75604
903-445-4641
Franchisee: Corey Davis

1707 Preston Dr., Longview, TX 75645
903-941-8052
Franchisee: Efren Garcia

Pearland

830 W. Peach Hollow Cir. Pearland, TX 77584
571-509-1173
Franchisee: Paul Zermeno

Porter

23008 Volga Drive, Porter, TX 77365
832-527-3000
Franchisee: John Furman

Richmond

1118 Lark Lane, Richmond, TX 77469
281-202-5917
Franchisee: Daniel Abrams

20619 Azalea Chace Dr., Richmond, TX 77406
832-451-6618
Franchisee: Landon Rist

7826 Calladega Springs Ln., Richmond, TX 77407
832-230-7302
Franchisee: Richard Joel Cruz

Spring

52130 Lynbriar Lane, Spring, TX 77373
713-492-3980
Franchisee: Steven Fink

Springtown

100 Maudy Lane, Springtown, TX 76082
972-896-5862
Franchisee: Michael Rivard

Tomball

24130 Rocky Brook Falls, Tomball, TX 77375
281-797-9777
Franchisee: Travis Fink

White Oak

131 Ron Boyett St., White Oak, TX 75693
903-445-5583
Franchisee: Glenn Davis

VIRGINIA (9)

Axton

1950 Jones Ridge Rd., Axton, VA 24054
276-734-1501
Franchisee: Michael Scott Hampton

Gainesville

13290 Catharpin Valley Drive, Gainesville, VA 20155
800-486-5660
Franchisee: Jeff Martin

14720 Deming Dr., Gainesville, VA 20155
571-598-2390
Franchisee: Masood Ahmadi

Martinsville

50 Harmony Lane, Martinsville, VA 24112
276-618-4350
Franchisee: Brandon Morgan

Roanoke

6732 Jasmine Circle, Roanoke, VA 24019
540-312-9329
Franchisee: Josh Steahly

4536 Fontaine Dr. SW, Roanoke, VA 24018
540-989-1790
Franchisee: Beverley Jim James, Jr.

3401 Rosewood Ave., Roanoke, VA 24015
540-389-4730
Franchisee: Phil Barker

3349 Brandywine Ave., Roanoke, VA 24018
540-314-9103
Franchisee: Robert Campbell

Salem

1519 Millwood Dr., Salem, VA 24153
540-314-9132
Franchisee: Steven Hunter

EXHIBIT G

FORMER FRANCHISEES

Alabama (2)

Birmingham

17106 Kenley Way, Birmingham, AL 35242
334-314-2092
Franchisee: Roger Truitt

Huntsville

196 Jeff Road NW Apt. 2601, Huntsville, AL 35806
256-497-6596
Franchisee: Rafael Romero

Arkansas (3)

Centerton

1421 Amber Way, Centerton, AR 72719
479-231-6162
Franchisee: Scott Clark

Springdale

5260 Blake Ln. Springdale, AR 72764
479-966-1318
Franchisee: Dustin Neice

5764 N. Thompson St. Suite D, Springdale, AR 72764
704-956-0733
Franchisee: Christopher Cocherell

California (2)

Brea

641 E Birch Street #2, Brea, CA 92821
626-879-6777
Franchisee: Juan Flores

Sun City

28588 Milky Way, Sun City, CA 92586
951-425-1090
Franchisee: Christian Heil

Georgia (1)Gainesville

615 Canterbury Rd., Gainesville, GA 30504
912-410-9269
Franchisee: Ryan Hennessee

Maryland (1)Sykesville

7702 Carter Road, Sykesville, MD 21784
(443) 807-3648
Franchisee: Delbert Browning

North Carolina (1)Greenville

729 Cindas Lane, Greenville, NC 27834
252-714-2412
Franchisee: Freddy White

New Mexico (1)Albuquerque

12625 Nambe Ave. NE, Albuquerque, NM 87123
(505) 702-9613
Franchisee: Alex Febles-Gomez

Oklahoma (2)Norman

705 Ridgecrest Ct. Apt. 1514, Norman, OK 73072
(501) 538-7180
Franchisee: Cameron Clark

1128 Flaming Oak Dr., Norman, OK 73026
(501) 762-2974
Franchisee: Ryan Clark

South Carolina (1)Myrtle Beach

102 Benchmark Court, Myrtle Beach, SC 29588
843-742-3980

Franchisee: Hal Ruska Jr

Tennessee (1)

Maryville

507 Pink Dogwood Labe, Maryville, TN 37803
865-659-3932

Franchisee: Alphonse Rondinone

Virginia (3)

Fredericksburg

5083 Blarney St., Fredericksburg, VA 22407
540-226-3988

Franchisee: Eric Rickard

Forest

1072 Monolith Lane, Forest, VA 24551
540-353-8882

Franchisee: David Klimchuk

Roanoke

1209 Greenhurst Ave. NW, Roanoke, VA 24012
540-588-7919

Franchisee: Ken Hash

EXHIBIT H
FINANCIAL STATEMENTS

Total Car Franchising Corporation

Financial Statements

Years Ended December 31, 2024, 2023 and 2022

Total Car Franchising Corporation
December 31, 2024, 2023 and 2022

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Trusted Advisors Since 1948

Independent Auditors' Report

To the Board of Directors and Shareholders of
Total Car Franchising Corporation

Opinion

We have audited the accompanying financial statements of Total Car Franchising Corporation (a South Carolina Corporation) (the "Company"), which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of operations and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Smith Sapp Professional Association
Certified Public Accountants

Myrtle Beach, South Carolina
February 28, 2025

Total Car Franchising Corporation
Balance Sheets
December 31, 2024, 2023 and 2022

Assets

	2024	2023	2022
Current Assets			
Cash and Cash Equivalents	\$ 766,198	\$ 785,112	\$ 753,108
Accounts Receivable, net	328,603	346,079	347,324
Inventory	135,876	175,379	278,067
Other Current Assets	52,228	20,214	57,170
Total Current Assets	<u>1,282,905</u>	<u>1,326,784</u>	<u>1,435,669</u>
Notes Receivable, net	162,467	167,969	168,885
Property and Equipment, net	932,420	978,763	979,505
Deferred Tax Asset	287,547	279,343	197,492
Intangible Assets, net	19,429	21,236	23,043
Goodwill, net	146,584	146,584	208,392
Other Assets	1,805	1,805	1,805
Total Assets	<u>\$ 2,833,157</u>	<u>\$ 2,922,484</u>	<u>\$ 3,014,791</u>

Liabilities and Stockholders' Equity

	2024	2023	2022
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 589,834	\$ 577,637	\$ 590,679
Current Maturities on Notes Payable	77,284	73,360	69,075
Current Portion of Deferred Revenue	138,412	178,710	140,870
Total Current Liabilities	<u>805,530</u>	<u>829,707</u>	<u>800,624</u>
Notes Payable	288,698	373,051	453,422
Deferred Revenue	340,250	316,864	403,065
Total Liabilities	<u>1,434,478</u>	<u>1,519,622</u>	<u>1,657,111</u>
Stockholders' Equity			
Common Stock; no par value; 1,000 shares authorized, 1,000 shares issued and 920 shares outstanding	50,000	50,000	50,000
Treasury Stock; 80 shares at \$1,383	(110,619)	(110,619)	(110,619)
Unearned Compensation			(69,136)
Retained Earnings	1,459,298	1,463,481	1,487,435
Total Stockholders' Equity	<u>1,398,679</u>	<u>1,402,862</u>	<u>1,357,680</u>
Total Liabilities and Stockholders' Equity	<u>\$ 2,833,157</u>	<u>\$ 2,922,484</u>	<u>\$ 3,014,791</u>

The accompanying notes are an integral part of the financial statements

Total Car Franchising Corporation
Statements of Operations and Retained Earnings
For the Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Royalty Fees, net	\$ 2,962,480	\$ 2,912,288	\$ 2,570,914
Franchise Fees	119,062	99,310	45,670
Product Sales	<u>338,473</u>	<u>510,038</u>	<u>900,962</u>
Total Revenues	<u>3,420,015</u>	<u>3,521,636</u>	<u>3,517,546</u>
Costs of Product Sales	<u>638,564</u>	<u>799,043</u>	<u>968,980</u>
Gross Profit	<u>2,781,451</u>	<u>2,722,593</u>	<u>2,548,566</u>
Expenses			
Personnel	1,485,965	1,483,794	1,269,049
Selling, General and Administrative	<u>1,330,209</u>	<u>1,301,271</u>	<u>1,121,265</u>
Total Expenses	<u>2,816,174</u>	<u>2,785,065</u>	<u>2,390,314</u>
Net Operating Income (Loss)	<u>(34,723)</u>	<u>(62,472)</u>	<u>158,252</u>
Other Income (Expenses)			
Interest and Other Income	42,884	44,029	18,276
Loss on Company Owned Territory		(61,808)	
Interest Expense	<u>(19,756)</u>	<u>(25,279)</u>	<u>(31,236)</u>
Total Other Income (Expense)	<u>23,128</u>	<u>(43,058)</u>	<u>(12,960)</u>
Income (Loss) Before Income Taxes	(11,595)	(105,530)	145,292
Income Taxes Provision (Benefit)	<u>(7,412)</u>	<u>(81,576)</u>	<u>45,842</u>
Net Income (Loss)	<u>(4,183)</u>	<u>(23,954)</u>	<u>99,450</u>
Retained Earnings - Beginning	1,463,481	1,487,435	1,387,985
Retained Earnings - Ending	<u>\$ 1,459,298</u>	<u>\$ 1,463,481</u>	<u>\$ 1,487,435</u>

The accompanying notes are an integral part of the financial statements

Total Car Franchising Corporation
Statements of Cash Flows
For the Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities			
Net Income (Loss)	\$ (4,183)	\$ (23,954)	\$ 99,450
Adjustments to Reconcile Net Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities			
Depreciation and Amortization	56,487	51,349	48,730
Deferred Tax Provision (Benefit)	(8,204)	(81,851)	39,768
Loss on Impairment		61,808	
Stock-based Compensation		69,136	69,137
Write off of Accounts Receivable			1,603
Gain on Sale of Equipment		(2,462)	
(Increase) Decrease in Accounts Receivable	17,476	1,245	(63,662)
Decrease in Inventory	39,503	102,688	71,885
(Increase) Decrease in Other Current Assets	(32,014)	36,956	(55,744)
Decrease in Notes Receivable	5,502	916	45,191
Increase (Decrease) in Accounts Payable and Accrued Expenses	12,197	(13,042)	37,468
Increase (Decrease) in Deferred Revenues	(16,912)	(48,361)	113,030
Net Cash and Cash Equivalents from Operating Activities	<u>69,852</u>	<u>154,428</u>	<u>406,856</u>
Cash Flows from Investing Activities			
Purchases of Property and Equipment	(8,337)	(58,838)	(11,324)
Proceeds from Sale of Property and Equipment		12,500	
Net Cash and Cash Equivalents from Investing Activities	<u>(8,337)</u>	<u>(46,338)</u>	<u>(11,324)</u>
Cash Flows from Financing Activities			
Payments on Notes Payable	(80,429)	(76,086)	(237,754)
Net Cash and Cash Equivalents from Financing Activities	<u>(80,429)</u>	<u>(76,086)</u>	<u>(237,754)</u>
Net Increase in Cash and Equivalents	(18,914)	32,004	157,778
Cash and Cash Equivalents - Beginning	<u>785,112</u>	<u>753,108</u>	<u>595,330</u>
Cash and Cash Equivalents - Ending	<u>\$ 766,198</u>	<u>\$ 785,112</u>	<u>\$ 753,108</u>

Supplemental Cash Flow Disclosures

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income Taxes Paid	\$ 5,046	\$ 20,553	\$ 4,001
Interest Paid	\$ 19,756	\$ 23,439	\$ 40,446

The accompanying notes are an integral part of the financial statements

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Total Car Franchising Corporation (the “Company”) was formed in 1991. The Company is the franchisor for approximately 210 Colors on Parade franchises nationwide. Specializing in scratch repair, spot blending, paint free dent removal and interior restoration, Colors on Parade franchises utilize proprietary appearance technology to do body shop quality repairs for new and used car dealers, fleet operators such as rental car companies and retail customers, in more than 25 states coast to coast. During the years ended December 31, 2024, 2023 and 2022 franchises sold amounted to 21, 16 and 26, respectively. The Company had owned and franchised territories of 51, 50 and 54 in operation as of December 31, 2024, 2023 and 2022, respectively.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). Certain prior period balances have been adjusted to conform to current period presentation.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses in preparing these financial statements in conformity with US GAAP. Actual results could differ from these estimates.

Revenue Recognition

The Company’s three main revenue sources are Royalty Fees, Franchise Fees and Product Sales, which are discussed in detail below. There are two items involving revenue recognition of contracts that require us to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated standalone selling price of each obligation.

Royalty Fees

Royalty fees are recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise store sales occur. Adoption of ASC 606 will not change when the royalty revenue is recognized; this new guidance did not impact the recognition of royalty income.

Franchise Fees

The Company sells individual franchises, which typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continuing royalty fees based upon a percentage of franchisee net sales. The initial term of franchise agreements are typically 20 years. Subject to the Company’s approval, a franchisee may generally renew the franchise agreement upon its expiration, or a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Under the terms of the franchise agreements, the Company typically promises to provide franchise rights, and ongoing services. Under ASC 605, initial franchise fees paid by franchisees for each arrangement were recognized as revenue in their entirety on the date of commencement of the legal contract. Upon adoption of Topic 606, the Company determined that certain initial franchisee payments, and the franchise rights and related ongoing services, represented a single performance obligation. Revenue related to franchise rights and ongoing services is deferred and recognized on a straight-line basis over the duration of the agreement, as this ensures that revenue recognition aligns with the customer’s access to the franchise right.

Product Sales

Revenues from product sales are recognized at the time of sale to the Unit franchisee or Area Representative franchisee.

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Costs of Product Sales

Cost of product sales includes cost of inventory sold during the period, net of discounts and allowances, shipping and handling costs, and sales taxes. The Company receives various rebates from third party vendors in the form of quantity discounts and payments under exclusive agreements.

Cash and Cash Equivalents

The Company considers all demand deposits, money market accounts and other highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains bank accounts at various financial institutions. The balances at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Included in cash and cash equivalents are amounts in excess of FDIC limits. Management believes the credit risk related to these amounts is minimal.

Inventories

Inventories are valued at the lower of cost or market; cost is determined using the average cost method.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost and depreciated using the straight-line or accelerated methods based on the following estimated useful lives of the assets:

Building and Improvements	15 - 40 years
Furniture, Fixtures and Equipment	3 - 7 years

Depreciation expense was \$54,680, \$49,542, and \$46,923 for the years ended December 31, 2024, 2023 and 2022, respectively.

Intangible Assets and Goodwill

Intangible assets are stated on the basis of cost. Intangible assets are comprised primarily of patents and goodwill. Amortization of patents is calculated using the straight-line method over 7 to 20 years.

ASC 350 "Goodwill and Other Intangible Assets" requires that assets with indefinite lives no longer be amortized, but instead be subject to annual impairment tests. Following the guidelines contained in ASC 350, the Company tests goodwill and intangible assets that are not subject to amortization for impairment annually or more frequently if events or circumstances indicate that impairment is possible. The Company has elected to conduct its annual test annually as of the end of the Company's fiscal year. During the year ended December 31, 2024, management qualitatively assessed goodwill to determine whether testing was necessary. Factors that management considers in this assessment include macroeconomic conditions, industry and market considerations, overall financial performance of the related Franchise area's owned by the Company (both current and projected), changes in management and strategy, and changes in the composition and carrying amounts of net assets. If this qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is then performed.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with accounting guidance that requires awards to be recorded at their fair value on the date of grant and are amortized over the vesting period of the award. The Company recognizes compensation costs on a straight-line basis over the requisite service period of the award, which is typically the vesting term of the equity instrument issued.

Advertising

The Company's advertising costs are expensed as incurred. During the years ended December 31, 2024, 2023 and 2022, the Company incurred \$18,312, \$57,060 and \$47,455 of advertising expense, respectively.

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Income Taxes

Accounting standards prescribe when to recognize and how to measure the effects of tax positions taken or expected to be taken in the Company's tax returns. In order to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. To the extent that all or a portion of a tax position is not recognized, a liability would be recognized for the unrecognized benefits. As of December 31, 2024, management has determined that the Company does not have any material unrecognized tax benefits. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions.

Multiple states and other governmental authorities assess taxes on revenue producing transactions of the Company occurring in their jurisdictions. The Company collects the taxes and remits the entire amount to the proper authorities. The Company's policy is to exclude the tax collected and remitted to the authorities from revenue and costs of sales.

Recent Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), and has since issued amendments thereto, related to the accounting for leases (collectively referred to as "ASC 842"). During the year ending December 31, 2022, the Company adopted ASC 842, which did not have a material effect on the Company's financial statements.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04 and ASU 2019-05 (collectively, "Topic 326"). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. The Company adopted Topic 326 on January 1, 2023 and the adoption had no impact on the Company's financial statements. The Company reviewed other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements upon future adoption.

Note 2 – Revenue Recognition

Revenues from contracts with customers for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Company Market Related Income	\$ 10,568	\$ 22,063	\$ 14,099
Royalties	2,505,638	2,481,739	2,207,316
Billing & Collections Fees	446,274	408,486	349,999
Total	<u>2,962,480</u>	<u>2,912,288</u>	<u>2,570,914</u>
DMA Income			
Franchise Fees	119,062	99,310	45,670
Total	<u>\$ 119,062</u>	<u>\$ 99,310</u>	<u>\$ 45,670</u>

Note 3 – Accounts Receivable

Accounts receivable of approximately 82%, 82% and 93% at December 31, 2024, 2023 and 2022, respectively, were related to revenues from royalties and supplies. Accounts receivable are stated net of an allowance for credit losses. The Company's estimate is based on historical collection experience and a review of the current status of specific accounts. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance.

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Components of accounts receivable as of December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Trade Receivables	\$ 397,521	\$ 346,984	\$ 367,966
Other Receivables	88,701	77,997	25,998
Allowance for Credit Losses	<u>(157,619)</u>	<u>(78,902)</u>	<u>(46,640)</u>
Accounts Receivable, Net of Allowance	<u>\$ 328,603</u>	<u>\$ 346,079</u>	<u>\$ 347,324</u>

Note 4 – Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for credit losses. Interest on notes is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. All outstanding notes relate to accumulated royalty fees, company financed sales of franchisee operating regions, and operating equipment for franchisees. The Company's estimate is based on historical collection experience and a review of the current status of specific accounts. The Company records an allowance for credit losses as a reduction to its notes receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. Components of notes receivable as of December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Notes Related to Royalties Due	\$ 59,697	\$ 97,339	\$ 130,303
Notes Related to Franchisee Territories	81,910	107,724	114,158
Other Notes Receivable	<u>35,035</u>	<u>35,981</u>	<u>29,763</u>
	176,642	241,046	274,224
Allowance for Credit Losses	<u>(14,175)</u>	<u>(73,077)</u>	<u>(105,339)</u>
Notes Receivable, Net of Allowance	<u>\$ 162,467</u>	<u>\$ 167,969</u>	<u>\$ 168,885</u>

Note 5 – Property and Equipment

A summary of Property and Equipment as of December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Building and Improvements	\$ 1,014,924	\$ 1,014,924	\$ 1,014,925
Furniture, Fixtures and Equipment	<u>366,490</u>	<u>358,153</u>	<u>314,004</u>
	1,381,414	1,373,077	1,328,929
Accumulated Depreciation	<u>(725,032)</u>	<u>(670,352)</u>	<u>(625,462)</u>
	656,382	702,725	703,467
Land	<u>276,038</u>	<u>276,038</u>	<u>276,038</u>
	<u>\$ 932,420</u>	<u>\$ 978,763</u>	<u>\$ 979,505</u>

Note 6 – Goodwill and Intangible Assets

The Company assesses goodwill and territorial rights for impairment annually and all other intangibles are amortized using the straight-line method. Intangibles are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value.

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

During the year ended December 31, 2024, no goodwill or territorial rights were determined to have impairment. During the years ended December 31, 2023 and 2022, goodwill and territorial rights had impairment of \$61,808 and \$0, respectively. Other intangibles subject to amortization had a gross carrying amount of \$44,123 as of December 31, 2024, 2023 and 2022. Accumulated amortization for the years ended December 31, 2024, 2023 and 2022 was \$24,694, \$22,887, and \$21,080, respectively.

Note 7 – Accounts Payable and Accrued Expenses

Components of accounts payable and accrued expenses as of December 31, 2024, 2023 and 2022 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Trade Accounts Payable	\$ 48,508	\$ 65,448	\$ 79,500
AD Fund Obligation	210,902	208,062	218,371
Other Payables	<u>38,628</u>	<u>58,568</u>	<u>26,230</u>
	<u>298,038</u>	<u>332,078</u>	<u>324,101</u>
Accrued Employee Compensation	290,385	244,940	229,273
Other Accrued Expenses	<u>1,411</u>	<u>619</u>	<u>37,305</u>
	<u>\$ 291,796</u>	<u>\$ 245,559</u>	<u>\$ 266,578</u>
Total Accounts Payable and Accrued Expenses	<u>\$ 589,834</u>	<u>\$ 577,637</u>	<u>\$ 590,679</u>

Note 8 – Notes Payable

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Note payable to Small Business Administration, bearing interest at 3.75%, interest and principal due monthly at \$731, beginning May 28, 2022 with final maturity May 05, 2051.	\$ 75,606	\$ 84,578	\$ 95,175
Note payable bearing interest at 8.29%, interest and principal due monthly at \$569, beginning April 13, 2021 with final maturity April 13, 2027.	6,011	13,964	18,969
Note payable bearing interest at 4.89%, interest and principal due monthly at \$6,614, with final maturity October 23, 2028, secured by land, building, and personal guarantees.	<u>284,365</u>	<u>347,869</u>	<u>408,353</u>
	365,982	446,411	522,497
Current Portion	<u>(77,284)</u>	<u>(73,360)</u>	<u>(69,075)</u>
	<u>\$ 288,698</u>	<u>\$ 373,051</u>	<u>\$ 453,422</u>

Future maturities of notes payable are as follows:

2025	\$ 77,284
2026	74,795
2027	78,492
2028	74,787
2029	4,109
Thereafter	<u>56,515</u>
	<u>\$ 365,982</u>

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Note 9 – Income Taxes and Deferred Income Taxes

The components of the provision (benefit) for income taxes for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Current tax			
Federal	\$ 792	\$ 275	\$ 4,001
State			2,073
Deferred	<u>(8,204)</u>	<u>(81,851)</u>	<u>39,768</u>
	<u><u>(7,412)</u></u>	<u><u>(81,576)</u></u>	<u><u>45,842</u></u>

The components of the Company's deferred tax assets and liabilities consisted of the following at December 31, 2024, 2023 and 2022:

	2024	2023	2022
Deferred Tax Asset			
Federal net operating loss carryforward	78,840	82,230	10,401
State net operating loss carryforward	65,369	65,525	59,096
Employee compensation	63,410	57,507	54,229
Unearned compensation			17,975
Allowance for credit losses	44,536	39,384	39,384
Deferred revenue	<u>124,452</u>	<u>128,849</u>	<u>116,673</u>
	376,608	373,495	297,758
Valuation allowance	<u>(37,683)</u>	<u>(37,683)</u>	<u>(37,845)</u>
Deferred tax asset, net of valuation allowance	<u><u>338,925</u></u>	<u><u>335,812</u></u>	<u><u>259,913</u></u>
Deferred Tax Liability			
Property and equipment	17,896	27,191	12,987
Goodwill and intangibles	<u>33,482</u>	<u>29,278</u>	<u>49,434</u>
	<u><u>\$ 51,378</u></u>	<u><u>\$ 56,469</u></u>	<u><u>\$ 62,421</u></u>

The provision (benefit) for income taxes is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities net of the related allowance.

Management determined a valuation allowance for certain state net operating losses is necessary, as management believes certain of those carryforwards will expire prior to their utilization. As such, a valuation allowance has been recorded to reduce those deferred tax assets to their realizable values. Provision (benefit) for income taxes reflects current year federal, state, and deferred income tax expense (benefit).

Note 10 – Stock-Based Compensation

On September 15, 2018, the Company's existing shareholders (the "Previous Shareholders") transferred 660 shares of stock to related parties. In addition, the Company purchased the remaining 340 shares from the Previous Shareholders for \$470,128 by issuing a note payable to the Previous Shareholders. The purchase of these shares was recorded as treasury stock on the Company's Balance Sheet. Subsequent to the share repurchase on September 15, 2018, the Company issued 250 shares of treasury stock to various executives. The shares vest 100% on the 5th anniversary of the share grant. If the executive dies or becomes permanently disabled, the shares vest 20% each year, annually on the anniversary of the share grant. If the employee leaves the company voluntarily or due to willful misconduct, the shares are forfeited. Management determined the fair value of the shares to be \$345,682 or approximately \$1,383 per share at grant date, which is recorded within Unearned Compensation on the Balance Sheet. The Stock-Based Compensation became fully vested as of September 15, 2023.

Total Car Franchising Corporation
Notes to Financial Statements
December 31, 2024, 2023 and 2022

Note 11 – Related Party Transactions

During the year ended December 31, 2007, the Company entered into a consulting services agreement with Total Car, Inc., which requires bi-monthly payments of \$8,553 to be paid to TCI with annual increases based on the change in the consumer price index. On September 15, 2018, the Company renewed the contract which calls for monthly payments of \$19,000 to be paid to TCI with annual increases based on the change in the consumer price index. Payments related to the agreement were \$427,649, \$414,790, and \$269,366 for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 12 – Defined Contribution Plan

During the years ended December 31, 2024, 2023 and 2022, the Company had a 401(k) plan that covers all employees which have attained 21 years of age and satisfied a six-month service requirement. Effective January 1, 2003 the plan became a safe harbor plan. Contributions are equal to 100% on the first 3% of eligible employee contributions and 50% on the next 2% of eligible employee contributions. For the years ended December 31, 2024, 2023 and 2022, the Company incurred expense of \$35,556, \$37,027 and \$36,214, respectively, for matching contributions to the plan.

Note 13 – Commitments and Contingencies

From time to time, the Company is a defendant in various pending and threatened litigation arising from normal business activities. The results of the various pending or threatened litigation, some of which may not be covered by insurance, are not determinable at this time.

Note 14 – Subsequent Events

Management has evaluated subsequent events through February 28, 2025, the date the financial statements were available to be issued and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized or not recognized, but disclosed, in the financial statements, other than the disclosure above.

EXHIBIT I

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*").

A. Franchisor and Franchisee have entered into a Colors On Parade Unit Franchise Agreement dated or effective _____ (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 [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**

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT J

STATE SPECIFIC ADDENDA

CALIFORNIA

CALIFORNIA STATE SPECIFIC ADDENDUM TO 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 FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at WWW.DFPI.CA.GOV.**

k. The highest interest rate allowed by law in California is 10% annually.

l. 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.

m. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

1. Under the California Franchise Relations Act:

- (a) a franchisor may not require a franchisee to waive any of the protections of the Act;
- (b) upon the termination or nonrenewal of a franchise, a franchisor may only offset the amount owed to the franchisee with amounts owned by the franchisee if the franchisee agrees to the amount owed or the franchisor has a judgment for that amount;
- (c) a franchisor may not modify a franchise agreement or require a general release in exchange for assistance related to a declared state or federal emergency;
- (d) any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable;
- (e) no provision in a franchise agreement or related document may disclaim or deny any representations made by a franchisor to a franchisee; the law applies to all offers and sales in California, regardless of whether the franchisor is registered or exempted from registration; and
- (f) a franchisor must notify a franchisee of the approval or disapproval of an application within 60 days.

2. Under Corporations Code section 31512.1, any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) representations made by the franchisor or its personnel or agents to a prospective franchisee;
- (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents;
- (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or
- (d) violations of any provision of the California Franchise Relations Act.

**CALIFORNIA ADDENDUM TO
UNIT FRANCHISE AGREEMENT**

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

1. The following shall replace Article 5.6 subsection (b) of the Franchise Agreement:

(b) **Post Term:** As a California franchisee, you may establish goodwill in the accounts that you service and in your designated Territory. In the event of the termination of this Agreement for any reason, we shall have the right, at any time within thirty (30) days following such termination, to purchase all of the goodwill associated with your business and the accounts that you have serviced for the sum of \$5,000, which will be deemed to have been assigned to us upon such payment, in which event 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, provide any Services, or have any interest in any business which provides any Services, within the Territory or any other territory in which you have provided any Services within the one-year period prior to termination; or

If you refuse voluntarily to comply with these obligations, the two-year period will not end until two (2) years after the entry of an order of an arbitrator, or court if necessary, enforcing this provision.

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. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

THIS ADDENDUM TO FRANCHISE AGREEMENT is executed under seal this _____ day of _____, 202__ by the undersigned.

FRANCHISEE:

TOTAL CAR FRANCHISING CORPORATION

By: _____

SPECIAL RISKS:

California requires the following risks to be highlighted:

1. 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.
2. WE (OR A COLLECTIONS AGENT THAT WE APPOINT) SEND STATEMENTS TO THE CUSTOMERS TO WHOM A UNIT FRANCHISEE PROVIDES SERVICES, COLLECT FOR SUCH SERVICES AND DEDUCT, FROM THE AMOUNTS COLLECTED, THE ROYALTY AND CERTAIN OF THE OTHER FEES OR PAYMENTS THAT A UNIT FRANCHISEE IS REQUIRED TO MAKE UNDER THE FRANCHISE AGREEMENT, IF APPLICABLE, ON A MONTHLY BASIS, WHICH MAY AFFECT A UNIT FRANCHISEE'S CASH FLOW.
3. EACH PRINCIPAL OWNER ENTERING INTO THE FRANCHISE AGREEMENT ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT MUST PERSONALLY GUARANTEE ALL OBLIGATIONS OF FRANCHISEE UNDER THE FRANCHISE AGREEMENT, THEREBY PLACING HIS/HER PERSONAL ASSETS AT RISK.
4. IF YOU ARE A BUSINESS ENTITY, EACH OF YOUR OWNERS - OR, IF YOU ARE AN INDIVIDUAL AND ARE MARRIED, YOUR SPOUSE - WILL HAVE TO PERSONALLY GUARANTY YOUR OBLIGATIONS AND BE BOUND BY EACH PROVISION OF THE FRANCHISE AGREEMENT, WHICH IF APPLICABLE PLACES YOUR SPOUSE'S MATERIAL ASSETS AT RISK. THE SPOUSES OF OWNERS MAY ALSO BE REQUIRED TO CONSENT TO THE GUARANTEE,
5. EXECUTING A PERSONAL GUARANTY COULD JEOPARDIZE THE MARITAL ASSETS OF NON-OWNER SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES SUCH AS CALIFORNIA.
6. CERTAIN SERVICES MAY BE PROVIDED TO YOU BY AN AREA REPRESENTATIVE, WHO WILL NOT BE A PARTY TO THE FRANCHISE AGREEMENT.

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE STATEMENT

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

Item 17(c):

Item 17(c) is amended to disclose that the general release required as a condition of renewal shall not apply to any liability under the Illinois Franchise Disclosure Act.

Item 17(m):

Item 17(m) is amended to disclose that, the release required as a condition of transfer shall not apply to any liability under the Illinois Franchise Disclosure Act.

Item 17(u):

Item 17(u) is amended to disclose that A franchisee may bring a lawsuit in Illinois.

Item 17(v):

Item 17(u) is amended to disclose that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17(w):

Item 17(w) is amended to disclose that Illinois laws apply.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
3. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

THIS ADDENDUM TO FRANCHISE AGREEMENT is executed under seal this
_____ day of _____, 202__.

TOTAL CAR FRANCHISING CORPORATION

By: _____

Name:

Title:

FRANCHISEE:

SPECIAL RISKS:

Illinois requires the following risk to be highlighted:

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.

MARYLAND

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE STATEMENT

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

Item 17(c):

Item 17(c) is amended to disclose that, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(m):

Item 17(m) is amended to disclose that, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(u):

Item 17(u) is amended to disclose that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17(v):

Item 17(u) is amended to disclose that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

The following Addendum modifies the Unit Franchise Agreement with respect to Franchises offered for sale or sold in the State of Maryland, as follows:

1. Notwithstanding anything contained in this Agreement to the contrary, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Section 9.15 of the Unit Franchise Agreement shall be supplemented by the addition of the following language at the end of the section:

A franchisee may bring a lawsuit in Maryland for claims under the Maryland Franchise Registration and Disclosure Law.

3. Sections 9 and 10 of the Unit Franchise Agreement is hereby amended as follows:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, this Addendum has been executed in triplicate, concurrently with the Unit Franchise Agreement.

TOTAL CAR FRANCHISING
CORPORATION

By: _____

Name:

Title:

FRANCHISEE:

MICHIGAN

**ADDENDUM TO TOTAL CAR FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MICHIGAN**

In recognition of the requirements of the Michigan Franchise Investment Law the Total Car Franchising Corporation's Franchise Disclosure Statement shall be supplemented by the following:

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void under Michigan law and cannot be enforced against you.

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

The fact that there is a notice of this offering on file with the Michigan Attorney General does not constitute approval, recommendation, or endorsement by the Michigan Attorney General.

Any questions regarding the notice should be directed to the Department of the Attorney General, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, telephone (517) 373-7117.

NEW YORK

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with “683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. “680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Additional Disclosure. The following statements are added to Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SPECIAL RISKS:

Virginia requires the following risks to be highlighted:

1. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, SOUTH CAROLINA) GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
2. THE FRANCHISOR (OR A COLLECTIONS AGENT THAT THE FRANCHISOR APPOINTS) COLLECT PAYMENTS FROM THE CUSTOMERS TO WHOM A FRANCHISEE PROVIDES SERVICES AND DEDUCTS, FROM THE AMOUNTS COLLECTED, THE ROYALTY AND CERTAIN OF THE OTHER FEES OR PAYMENTS THAT A FRANCHISEE IS REQUIRED TO MAKE UNDER THE FRANCHISE AGREEMENT, IF APPLICABLE, WHICH MAY AFFECT A FRANCHISEE’S CASH FLOW.

WASHINGTON

WASHINGTON FRANCHISE AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned hereby acknowledge receipt of this addendum.

Total Car Franchising Coporation

Franchisee:

By: _____

Name:

Title:

EXHIBIT K

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

California	March 15, 2024
Hawaii	April 2, 2024
Illinois	Pending
Maryland	Pending
New York	April 22, 2024
Virginia	September 25, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

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 we offer 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, TCFC or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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, Chance Clark, Brandon Lane, Joey Riotto and/or _____, Total Car Franchise Corporation, 125 Daytona Street, Conway, SC 29526; telephone number 1-800-7COLORS; and/or _____ (name, address and telephone number of franchise broker).

Issuance Date: April 1, 2025

We authorize the agents listed in Exhibit B to receive service of process for it.

I have received an electronic copy of a Total Car Franchising Corporation Franchise Disclosure Document issued on April 1, 2025. This Franchise Disclosure Document included the following Exhibits:

<u>Exhibit</u>	<u>Title</u>		
A	State Administrators	G	Former Franchisees
B	Agents for Service of Process	H	Financial Statements
C	Franchise Agreement	I	General Release
D	Operating Agreement	J	State Specific Addenda
E	Table of Contents of Operations Manual	K	State Effective Dates
F	Current Franchisees	L	Receipts

Sign individually and as an officer

(Print name of prospective franchisee)

Name: _____

Date: _____

[UNIT FRANCHISE]

**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 we offer 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, TCFC or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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, Chance Clark, Brandon Lane, Joey Riotto and/or _____, Total Car Franchise Corporation, 125 Daytona Street, Conway, SC 29526; telephone number 800-7COLORS; and/or _____ (name, address and telephone number of franchise broker).

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Sign individually and as an officer

(Print name of prospective franchisee)

Name: _____

Date: _____

[UNIT FRANCHISE]