FRANCHISE DISCLOSURE DOCUMENT

DETAILXPERTS FRANCHISE SYSTEMS, LLC
6121 Heritage Park Drive, Suite A
Chattanooga, Tennessee 37416
877-317-9737
admin@detailxperts.net
www.detailxpertsfranchise.com

As a DetailXPerts franchisee, you will sell mobile wash, detailing and related services primarily to small medium and large-sized businesses.

The total estimated initial investment necessary to begin operation of a DETAILXPERTS franchise ranges from $88,500 to $195,100. This includes from $65,500 to $81,100 that must be paid to the franchisor or its affiliate. We also offer the right to enter into a Development Agreement to open and operate multiple unit franchises within a delineated geographical area. The franchisee pays a discounted initial franchise fee of $25,000 for the second and each subsequent DetailXPerts franchises to be developed under the Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Angela Williams at 6121 Heritage Park Drive, Suite #A, Chattanooga, Tennessee 37416, (877) 317-9737, admin@detailxperts.net.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 25, 2020

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 Exhibit D.
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 F 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 DetailXPerts 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 DetailXPerts franchisee?	Item 20 or Exhibit D and E lists 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 Michigan. 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 Michigan than in your own state. Certain states may require other risks to be highlighted.
2. **Mandatory Minimum Payments**: You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition:** The Franchisor's Financial Condition, as reflected in its financial statements (See Item 21), calls into question that franchisor's financial ability to provide services and support to you.
4. **Turnover Rate:** In 2018 a large number of franchised outlets (14) were [terminated, not renewed, reacquired, or ceased operations for other reasons.] This franchise could be a higher risk investment than a franchise system with a lower turnover rate.

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

The effective date of this Disclosure Document in the states with registration laws are on the following page:

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that 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 provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. This language has been included in this Disclosure Document as a condition to registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

(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 franchisee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

Any questions regarding the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-3800

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EXHIBITS

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is DetailXPerts Franchise Systems, LLC and will be referred to as "**we**", "**us**" or "**DetailXPerts**" in this Disclosure Document. We will refer to the person who buys the franchise as "**you**" throughout this Disclosure Document. If the franchisee is a corporation, partnership or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners and will be noted.

DetailXPerts, L.L.C., is a Michigan Limited Liability Company formed on March 14, 2005. On April 8, 2008, we changed our name from DetailXPerts, L.L.C to our current name, DetailXPerts Franchise Systems, L.L.C. We currently conduct business under our limited liability company name and under the name DETAILXPERTS. Our principal business address is 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416. Our agents for service of process are disclosed in Exhibit A.

Parents, Predecessors and Affiliates

Our affiliate, DetailXPerts was formed on May 15, 2006. Our affiliates operate a business in Colorado, Michigan, South Carolina, Tennessee, and Virginia similar to the business that you will operate and have operated this type of business for over fifteen years. We share our principal office with our affiliate. We have neither a parent company nor predecessor.

The Franchise

We offer franchises for the establishment and operation of a business ("**DETAILXPERTS Business**" or "**Business**") which provides mobile vehicle wash, detailing and related services. DETAILXPERTS Businesses operate using our distinctive business format, wash techniques and equipment, systems, methods, pending patent, procedures, designs, advertising, promotional and marketing methods, and operational standards and specifications (collectively, the "**Licensed Methods**"). A DETAILXPERTS Business is licensed to use our service mark DETAILXPERTS and Design, and other trademarks, service marks and commercial symbols ("**Marks**").

Our Franchise Agreement ("**Franchise Agreement**"), attached as Exhibit B to this Disclosure Document, is signed for each DETAILXPERTS franchise purchased. As a Franchisee, you will receive the right to use our Marks and Licensed Methods to operate your DETAILXPERTS Business, within a geographic area ("**Protected Territory**").We also offer the right to enter into a ("**Development Agreement**"), attached to the Disclosure Document as Exhibit C, to open and operate multiple unit franchises within a delineated geographical area. The franchisee pays a discounted initial franchise fee. The multi-unit franchisee may execute a future franchise agreement, which may be different from the franchise agreement included in this Franchise Disclosure Document.

A DETAILXPERTS Business is typically operated from a home office. The equipment used to provide the services is transported by van or other approved vehicle to the site where the services are performed. The vehicle wash services are oftentimes provided at a location operated by a third-party, such as a parking garage and in certain cases the franchisee may provide the services at the customer's office or residence. The vehicle wash services are provided using our patent pending Vehicle Detailing Unit and method for use of this equipment ("**Vehicle Detailing Unit and Method**"). The Vehicle

Detailing Unit and Method minimizes the water utilized to perform the vehicle wash services. Because little water is used, the impact of the environmental laws that require recovery and proper disposal of wastewater from the vehicle washing process is minimized. This Vehicle Detailing Unit and process provides advantages to parking garage operators and other third-parties that operate sites where they desire to offer vehicle wash and related services to their customers.

Regulations

Typically, certain federal laws and regulations apply to the operation of a vehicle wash business. These laws and regulations include the Resource Conservation and Recovery Act; the Clean Water Act; the Clean Air Act; the Comprehensive Environmental Response Compensation and Liability Act; the Occupational Safety and Health Act and the Toxic Substance Control Act. Other federal laws typically apply to the discharge and disposal of wash wastewater, sludge and hazardous materials generated by the operation of a vehicle wash business and the management of storm water. There may also be some state and local laws and regulations specific to the operation of a vehicle wash business which may require you to obtain a permit and otherwise comply with their terms and laws and regulations applicable to the discharge and disposal of wash wastewater, sludge and hazardous materials generated by the operation of a vehicle wash business and the management of storm water. You should familiarize yourself with these laws and with other federal, state or local laws of a more general nature which may affect the operation of your Business. The applicability of these laws and regulations are minimized through the exclusive and proper use of the Vehicle Detailing Unit and Method by the Business. Nevertheless, you should ensure that your Business complies with these laws and regulations, in particular local and state laws where your business operates. You should consult with your attorney with regard to these federal, state and local laws, rules and regulations and other laws and regulations that may affect the operation of your DETAILXPERTS Business. It is also your responsibility to comply with employment, worker's compensation, insurance, corporate, taxing, environmental, licensing, zoning and other applicable laws and regulations.

Market and Competition

Although the market for professional detailing and vehicle wash services is highly fragmented, it is well established and highly competitive. You will be marketing your services to automobile and light truck owners and to operators of parking facilities and similar facilities. You will experience competition from regional and national vehicle wash businesses as well as from local independent vehicle wash businesses. You will also experience competition from automobile dealers, fuel centers, big box centers and other businesses which offer vehicle wash services in addition to their principal business operations. We encourage you to study your potential market and the competition that may already exist there. In addition, vehicle wash and sales of related services tend to be seasonal for some residential lines of business, especially in hot and cold weather locales, with fewer sales during these weather months.

Our Business Experience

Our affiliate, has operated a DETAILXPERTS Business providing vehicle wash and related products and services in Detroit, Michigan since January 2002. We currently operate a DETAILXPERTS Business of the type to be operated by you in Detroit, Michigan and Chattanooga, Tennessee. We have offered franchises for DETAILXPERTS Businesses since June 28, 2008. Neither we nor any affiliate or predecessor have offered franchises in any other lines of business. No predecessor or affiliate has offered franchises.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Emmanuel H. Williams

Mr. Williams is and has been our and our affiliate's CEO and Founder since inception in 2008 to present.

President: Angela Williams

Ms. Williams is and has been our and our affiliate's President since inception in 2008 to present.

ITEM 3

LITIGATION

Litigation Against Franchisees – Suit to Enforce Covenant Not To Compete

DetailXPerts Franchise Systems, LLC v. TKTM Enterprises LLC and Tony Coyne (Eastern District of Michigan Case No: 18- 11823, filed June 7, 2018); DetailXPerts Franchise Systems, LLC v. Deck, Inc, Matthew Chase Deck, and Veronica Chase Deck (Eastern District of Michigan Case No: 19-10037, filed on January 4, 2019, and DetailXPerts Franchise Systems, LLC v. SRQ Detailers LLC and Bo Mortensen (Eastern District of Michigan Case No: 19-12607, filed on September 5, 2019 (all three cases now consolidated). In Franchisor's actions to enforce the franchise agreements' non-competition provision pending the outcome of this litigation, ex-Franchisor TKTM Enterprises LLC filed a counterclaim alleging misrepresentation as to (i) patent application, (ii) number of outlets and franchisees, (iii) suitability of the franchise system, (iv) false pro formas, (v) suitability of equipment and (vi) false Item 6 equipment disclosures. In the TKTM Enterprises LLC matter, Franchisor intends to file a motion to make a previously-entered stipulated injunction permanent after that ex-Franchisor failed to initiate arbitration after obtaining a stay from the court to do so. In the Deck, Inc. matter, Franchisor intends to file a motion to confirm the award in the American Arbitration Association Case Number 01-18-0002-6023 referenced below, in which the arbitrator found that Deck, Inc. and Matthew Chase Deck are bound by certain of the Franchise Agreement's covenant not to compete until March 6, 2022. In the SRQ Detailers LLC matter, Franchisor is pursuing enforcement of the Franchise Agreement's covenant not to compete.

DetailXPerts Franchise Systems, LLC v. Team Wilson, Inc., Cameron Wilson and Crystal Wilson (Oakland County (Michigan) Circuit Court Case 2019-172197-CB, filed on February 28, 2019). Franchisor brought this suit to enforce the franchise agreement's non-competition provisions. The suit resulted in a stipulated permanent injunction against the ex-Franchisee and its principals that prevents them from operating a competing business in the ex-Franchisee's prior franchise territory and other locations until August 1, 2020.

Pending Actions

Brown et al v. DetailXPerts Franchise Systems, LLC –No: 5:18-cv-02430 (Filed in California, April 24, 2018). Brown claims misrepresentation. Specifically, it alleges misrepresentation as to (i) patent application, (ii) number of outlets and franchisees, (iii) suitability of the franchise system, (iv) false pro formas, (v) suitability of equipment and (vi) false Item 6 equipment disclosures. The matter is set for a hearing for the ex-franchisee to show cause why his case should not be dismissed for the ex-franchisee's failure to file an answer to Franchisor's pending motion to dismiss.

Governmental Actions

On January 8, 2019, the Securities Division of the Washington Department of Financial Institutions entered into a Consent Order (S-18-2563-18-CO01) with DetailXPerts Franchise Systems LLC (the "Franchisor"). The Department alleged that in February 2018, the Franchisor violated the Franchise Investment Protection Act of Washington when it offered and sold an unregistered franchise in Washington. The Franchisor agreed to cease and desist from violations of the registration section of the Franchise Investment Protection Act, and to pay the costs of the investigation.

Prior Actions

Green34, LLC v. DetailXPerts Franchise Systems, LLC, Angela and Emmanuel Williams – No: 01-17-0007-0292 (Filed with AAA on November 19, 2017). Green34, LLC claims misrepresentation. Specifically, it alleges misrepresentation as to (i) patent application, (ii) number of outlets and franchisees, (iii) suitability of the franchise system, (iv) false pro formas, (v) suitability of equipment and (vi) false Item 6 equipment disclosures. The Arbitrator issued his Final Award on January 28, 2019, finding that all claims were denied.

Deck, Inc. v. DetailXPerts Franchise Systems, LLC, et al, American Arbitration Association, Case Number 01-18-0002-6023. Arbitration was initiated by a former DetailXPerts Franchisee, with the claims being similar to those the already-concluded arbitration mentioned above. The Arbitrator issued his Final Award on March 6, 2020, finding that Deck, Inc. and Matthew Chase Deck were subject to the Franchise Agreement's covenant not to compete until March 6, 2020 as set forth in the Arbitrator's Final Award and that the former Franchisee failed to show any demonstrable damages as the result of its purchase of a DetailXPerts Franchise.

Other than these actions, 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

Franchise Agreement

Except as described below in this Item, you pay to us in full a nonrefundable initial franchise fee of $35,000 when you sign the Franchise Agreement. You may increase the number of Vehicle Detailing Units, whether fixed or mobile, that you operate under a single franchise agreement at any time.

Development Agreement

If you qualify and choose to purchase more than one franchise, you sign a Development Agreement together with the Franchise Agreement for the first DETAILXPERTS franchise to be developed. On execution of the Development Agreement and franchise agreement, you pay the $35,000 initial franchise fee for the first DETAILXPERTS franchise, plus a $12,500 development fee for each additional DETAILXPERTS franchise to be developed under the Development Agreement. The total initial franchise fee for the second and each subsequent DETAILXPERTS franchise developed under the Development Agreement is discounted to $25,000 per franchise. We apply the $12,500 development fee paid for the second and subsequent DETAILXPERTS franchise to be developed toward the initial franchise fees for each additional franchise. The balance of each $25,000 discounted initial franchise fee for the second and subsequent franchises to be developed under the Development Agreement is due on execution of the Franchise Agreement for that franchise, but not later than the date set forth in the Development Agreement which corresponds to the deadline for developing that DETAILXPERTS franchise.

Before opening your Business, you also pay us $15,000 for a Vehicle Detailing Unit. See Item 7 for the contents of the Vehicle Detailing Unit. During the operation of your Business, you pay us our then current published price for each Vehicle Detailing Unit that you purchase and for any items you purchase that are included in the Vehicle Detailing Unit. The cost of the Vehicle Detailing Unit and the cost of the items included in the Vehicle Detailing Unit are subject to change based on the cost to us of these items, any change in the items included in the Vehicle Detailing Unit and other factors.

You will pay us between $4,000 and $6,000 for computer equipment and software. You also pay us between $7,000 and $12,000 for initial marketing campaign and promotional materials. In addition, you pay us between $4,500 and $10,100 for inventory. Our Location Development Assistance Fee is between $0 and $3,000.

All initial fees are non-refundable. Except as set forth above, all franchisees currently acquiring a franchise pay the same franchise fee.

General

Except as described in the preceding paragraph, all of the initial fees described in this Item 5 are fully earned by us on signing of the franchise agreement and are entirely nonrefundable in all events.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1]	You pay $500 or 6% of Gross Sales whichever is greater by the first day of each month.	Royalty payments commence the earlier of the first full month after completion of the initial training program or three months after execution of the Franchise Agreement.	Gross Sales includes all revenue from the franchise. Gross Sales do not include sales taxes and discounts. Royalties are paid by electronic transfer of funds or any other means identified in the Operations Manual.
Interest and Late Charges[1]	Lesser of 1½ % per month or highest rate of interest allowed by law, plus a $50 late charge	Late charge automatically assessed; interest on demand.	Begins to accrue the 5th day after the end of the month.
Advertising Contribution[1]	2% of the Gross Sales	Payable monthly by the first day of the following month.	Our Businesses will contribute the same as franchisee-owned Businesses. We may establish regional advertising co-ops and may reallocate a portion of this fee to regional advertising. The Advertising Contribution must be paid by credit card that we have on file or electronic transfer of funds that we initiate.
Local Advertising Allocation[2]	2% of the Gross Sales, reduced by any amounts reallocated to a Regional Advertising Co-op	As incurred	This local advertising allocation is in addition to the Advertising Contribution, but this is retained by you for advertising your Business. This is the minimum average which you must spend semi-annually, with a report of expenditures submitted to us on or before January 15th and July 15th of each year during the term of the Franchise Agreement. If we establish a regional ad co-op which includes your Business, all or a portion of your local advertising allocation may be reallocated to the co-op.

Type of Fee	Amount	Due Date	Remarks
Regional Advertising Co-ops[2]	May vary, with recurring contributions up to the amount owed for your Advertising Contribution and Local Advertising Allocation	Usually on a monthly basis or as directed by co-op	As of the date of this Disclosure Document, there were no established cooperatives. Our Businesses located in the United States will contribute on the same basis as franchised Businesses.
Location Development Assistance Fee [1]	$0 - $3,000	Within five days after you accept a location	Payable if we refer to you a location to provide the vehicle wash services, such as a parking garage or other third-party operated location.
Supplies and Equipment[1,3]	Current published prices	As arranged	We or our affiliate charge you for items you purchase through us or our affiliate. Upon your request, we will make available to you our current price list.
Inspection and Audit[1]	Cost of inspection and audit	Upon demand	Payable only if we decide to conduct an audit and: (1) the audit results in finding a deficiency over $2,500 in amounts owed by you to us or our affiliate; (2) the audit resulted from your failure to submit reports to us or our inability to collect royalties due for three consecutive months; or (3) you do not cooperate in our request for an inspection and audit.
Transfer Fees[1]	The greater of $5,000 or 25% of the then current initial franchise fee for the first franchise	Before transfer occurs	Payable when the Franchise Agreement or other interest in the Business or franchise is transferred by you, except in the case of a transfer by you to a corporation or other entity which you control or to a transfer to an immediate family member. The transferee is charged no initial franchise fee.
Renewal[1]	$5,000	When you sign our then current Franchise Agreement	Payable if you opt for and qualify for a successor franchise at the end of the initial term.
Training Program Expenses[2,4]	Costs associated with attending mandatory training sessions	As incurred	Initial training is included as part of your initial franchise fee for two people, except for those costs paid to third parties. We may require additional training at other times.
Additional Initial Training and Other Training[1,4]	Current published rates, currently $400 per day for Initial Training; other training will vary	As incurred before training	Payable only if you request additional persons attend the initial training program, hire a new Principal Manager or attend other seminars or conventions as we may require.
Additional Assistance[1]	Current published rates	As incurred before assistance	Payable only if you request additional assistance.
Costs and Attorneys' Fees[1]	Will vary depending on circumstances	As incurred	Payable only if you fail to comply with the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Indemnification[1]	Will vary depending on circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your Business operations.
Insurance Premiums[2]	Will vary depending on circumstances	As incurred	If you do not pay your premiums, although we do not have to do so, we can pay them for you and you must reimburse us.
Cost of Product Testing and Supplier Approval[1]	Will vary depending on circumstances	As incurred	You have to reimburse us for any and all reasonable costs we incur in investigating and determining whether any previously unapproved products that you desire to sell or suppliers you desire to use meet our standards and specifications.
Internet, Electronic Mail and Website development and maintenance[2]	As charged by third parties	Monthly or as incurred	You must pay for and participate in electronic communication and advertising that we require. These fees are generally paid to third-party suppliers, but we reserve the right to charge a reasonable amount if we provide or participate in the provision of any of these services to you.
Development Fee	$25,000	When you sign the Franchise Agreement	$12, 500 is due when Development Agreement is executed; and the balance $12,500 of the initial franchise fees for the second and subsequent franchises is due when developed.

1 Fees and charges which are imposed by and payable to us. All amounts paid to us are non-refundable. Third-party suppliers will determine whether deposits or payments to them are refundable. All fees are uniformly imposed and collected.

2 Fees which are not paid to us and are not refundable.

3 All payments for supplies and equipment are made by credit card that we have on file or electronic transfer of funds, as we may determine.

4 Expenses associated with travel, meals and lodging while attending initial training sessions or other mandatory training. These expenses will vary according to where you stay, where you dine and how far you have to travel.

ITEM 7 – **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Initial Training Expenses (See Note 2)	$1,000 - $4,000	As Agreed	As Incurred	Third Parties
Vehicle and graphics (See Note 3)	$0 - $25,000	Lump Sum or Financed	As Incurred	Third Parties
Computer Equipment and Software (See Note 4)	$4,000 - $6,000	Lump Sum	Upon Ordering	Third Parties and Us
Vehicle Detailing Units (See Note 5)	$15,000	As Agreed	30 days prior to the commencement of operations	Us
Other Equipment and Supplies (See Note 6)	$2,000 - $4,000	As Agreed	As Incurred	Third Parties
Insurance (See Note 7)	$3,000 - $6,000	As Agreed	As Incurred	Third Parties
Grand Opening Marketing Campaign and Initial Promotional Materials (See Note 8)	$7,000 - $12,000	As Agreed	At or around the time you begin operating your Business	Third Parties and Us
Licenses, Deposits and Other Miscellaneous Costs (See Note 9)	$2,000 - $5,000	As Agreed	Before you begin operating your Business	Third Parties
Initial Inventory (See Note 10)	$4,500 - $10,100	As Agreed	As Incurred	Us
Lease Payments, Leasehold Improvements, Signage and Software (See Note 11)	$0 - $15,000	As Agreed	Before you begin operating your Business	Third Parties and Us
Additional Funds (3 months) (See Note 12)	$15,000 - $30,000	As Agreed	As Incurred	Third Parties
Location Development Assistance Fee (See Note 13)	$0 - $3,000	As Agreed	As Incurred	Us
Multi-Unit Fee (See Note 14)	$0 - $25,000	As Agreed	When you sign the Development Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 15)	**$88,500 - $195,100**			

Explanatory Notes

Note 1: Initial Franchise Fee. The initial franchise fee will be payable in full when you sign the Franchise Agreement. If you qualify and are approved, you may pay a discounted initial franchise fee for the second and subsequent franchise of $25,000 as set forth in Item 5 - Development Agreement. We do not offer financing for any initial fees.

Note 2: Initial Training (Travel and Living Expenses). Your travel and living expenses incurred when you attend our initial training program in Chattanooga, Tennessee or other designated location vary depending on the length of your instruction, the distance you must travel and the standard of living you desire while you attend the program. The high range estimate covers expenses for two persons attending our up to 40-hour training session in Chattanooga, Tennessee and/or at an alternative location designated by us.

Note 3: Vehicle and graphics. You must purchase or lease vehicles for use in the operation of your Business. We require that you commence the operation of your Business with one approved vehicle. The high range estimate includes the purchase of one used vehicle and graphics; however, you may use a vehicle that you currently own that meets our minimum standards and specifications, in which case you would more likely incur costs similar to the low range estimate in the chart for this item. Part of these costs may also be deferred, as you may choose to lease a vehicle. You will incur costs similar to the costs set forth in this item for each additional vehicle and graphics you use in the operation of your Business.

Note 4: Computer Equipment and Software. This Item includes the purchase of a laptop as well as the license of certain business software as well as access to Franchisor's proprietary software. As your business expands, it will likely be necessary to purchase additional laptop computers. Because of the importance of the laptop computer to your Business, as you will access online reservations made by customers through wireless access on your laptop computer, you may also desire to immediately purchase a back-up laptop computer, in which case you would incur the cost set forth in the chart for the back-up computer.

Note 5: Vehicle Detailing Unit. This item includes the cost of the following equipment for each Vehicle Detailing Unit:

Vehicle Detailing Unit
Steam Cleaner, Detergent Injector & Accessories
Trolley
Spare Parts
Generator

If our standards and specifications change, the content of the Vehicle Detailing Unit may change. In addition, the cost of the Vehicle Detailing Unit may vary outside the range estimated above. You will incur the cost set forth in the above chart or our then current published price to purchase each additional Vehicle Detailing Unit you determine to operate.

Note 6: Office Equipment and Supplies. This item includes the cost to purchase or lease an all-in-one color printer, copier and fax machine, cellular telephone with call waiting and voice mail, wireless credit card processing unit with printer, and other office equipment. This item also includes safety equipment such as protective glasses, fire extinguisher, safety belt, etc. You must have a telephone dedicated to your business which must be answered during regular business hours. You may desire to retain an answering service to comply with this requirement. This item also includes additional equipment and supplies used in the truck line of business.

Note 7: Insurance. This item includes the initial cost of insurance which the franchisee is required to purchase.

Note 8: Grand Opening Marketing Campaign and Initial Promotional Material. This is the amount incurred for your initial promotional and marketing campaign. We determine the type and scope of the campaign and we designate the type of advertising materials to implement the campaign. We assist you in this first promotional effort.

Grand Opening Marketing and Initial Promotional Material
Website Design
Vehicle Graphic Design or Vehicle Magnetic Signs
Business Cards (count: 500)
Flyers (count: 500)
Letterhead & Envelopes (count: 500)
Tri-fold brochures (count: 500)
Yard Signs
Poster Board
Logo Button-down shirts
Lead Generation

Note 9: Licenses, Deposits and Miscellaneous Costs. This item includes any business licenses and utility deposits necessary to commence operation and an estimate of other miscellaneous pre-opening costs such as accounting and legal fees.

Note 10: Initial Inventory. This item includes various items you will need for your Business, such as cleaning supplies and other start-up supplies, uniforms and additional promotional plus other cost such as: lease deposits, upfront rent payments (3 months), leasehold improvements, signage, and software.

Initial Inventory
100% Cotton Cloth
Microfiber Towel (Blue & Green)
Degreaser
Vinyl Shine
Tire Shine
Window Cleaner
Odor Eliminator
Paste Wax
Liquid Wax
Formula 2 (DetailXPerts Cleaning Solution)
Leather Conditioner
Carpet Brush
Spoke Rim Brush
Small Detail Brush
Upholstery Brush

Note 11: Lease Payments, Leasehold Improvements, Signage and Software. This item includes various items you will need for your Business, such as lease deposits, upfront rent payments (3 months), leasehold improvements, signage, and software.

Note 12: Additional Funds. This is an estimate of your pre-operational expenses, which we have not listed above, as well as additional funds necessary for the first three months of your Business operations. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business. Your costs depend on factors such as: how much you follow our methods and procedures; your sales skill, experience and business acumen; local economic conditions; credit terms available to you based on your credit rating; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as: the cost of additional cleaning supplies, advertising and promotional expenses, vehicle expenses, employee salaries and other miscellaneous costs. However, this item excludes your salary.

Note 13: Location Development Assistance Fee. We may develop National Accounts or otherwise refer to you a site operated by a third party where you will provide vehicle wash services and related products and services. See Item 12 regarding National Accounts. If prior to opening your Business and adding additional Vehicle Detailing Units you determine to operate a particular Vehicle Detailing Unit in whole or in part from a fixed location and we refer you the location, you will pay us between $0 and $3,000 "**Location Development Assistance Fee**" referenced in the above chart. The Location Development Assistance Fee must be paid to us within five days from your acceptance of the location. We do not guarantee, and you acknowledge that you may not have any National Account locations or other suitable fixed locations in your Territory from which to operate your Business. The terms and conditions of use of the National Account location or other third-party location will be acceptable to you, or that our or your relationship with the National Account or operator of a third-party location will acknowledge that any National Account contract or other relationship with a third-party operated location may be terminated or not renewed, by us or the third party operator of the location, any agreement or relationship may expire, the terms and conditions of the agreement or relationship may be modified or otherwise changed by us or by the third-party operator of the location, or the location may otherwise be lost.

Note 14: Multi-Unit Fee (Development Agreement). We also offer the right to enter into a Development Agreement to open and operate multiple unit franchises within a delineated geographical area. This franchisee pays a discounted initial franchise fee of $25,000 for the second and each subsequent DetailXPerts franchises to be developed under the Development Agreement.

Note 15: Basis for Estimates, Financing. We relied on our and our principal's experience in the vehicle wash and detailing business to compile these estimates. Because the ranges in the chart are only estimates, it is possible both to reduce and to exceed the estimated range of costs listed in each item of the chart. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties will depend on such factors as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. None of the fees estimated in the above chart are refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

You must establish, maintain and operate your DETAILXPERTS Business in compliance with the Franchise Agreement. It is mandatory that you comply with the standards and specifications contained in an operations manual we provide to you as one or more manuals, technical bulletins or other written or electronic materials ("**Operations Manual**"), which we may modify. We provide you with our mandatory standards and specifications for vehicle wash and detailing services, as well as for any related products and services offered through your Business and for your vehicle, cleaning and other equipment, supplies, tools, office equipment, insurance, advertising and promotional material and techniques, website, Internet and other electronic advertising, client service standards and service warranties, trademark graphics, and other items used in your Business.

Vehicle

Each vehicle used in your Business must meet our minimum standards and specifications as to appearance, condition and operating capabilities. We must approve any existing vehicle you own or lease prior to your use of the vehicle in your Business. Each vehicle must use signage that we have approved.

Computer System and Software

You must purchase or lease a laptop computer which meets our standards and specifications. You must also use operations and accounting software that have capabilities that meet our standards and specifications. We reserve the right to require you to participate, at your cost, in all credit card, electronic data capture, maintenance and warranty, electronic or other communication services and other similar programs we provide or make available to you. We reserve the right to develop and own proprietary software and derive revenue by licensing it to you. See also Items 7 and 11.

Purchases from Designated or Approved Sources

We or our affiliate or a supplier designated by us are the only approved supplier of the Vehicle Detailing Unit and Inventory. We or our affiliate or a supplier designated by us are also the only approved supplier of certain replacement items included in the Vehicle Detailing Unit, including our proprietary steam cleaning equipment, the DETAILXPERTS cleaning solution for your steam cleaning equipment and other items. We are an approved supplier of location development assistance, advertising and marketing materials stationery, computer system and software and certain office supplies. We or our affiliate or a supplier designated by us are also an approved supplier of certain replacement supplies and items included in the Vehicle Detailing Unit and other supplies and items not included in the Vehicle Detailing Unit, such as knee pads, flashlights, safety cones, steam cleaner solvent, fire extinguishers, gas cans, buckets, ladders, electrical cords, folding chairs, water bottles, spray bottles, cleaning and drying cloths, back braces, keyboards, first aid kits and other items.

You will purchase or lease the rest of the products, equipment, supplies, and services used, sold or leased through your DETAILXPERTS Business only from suppliers approved by us in advance. We reserve the right to designate a single approved supplier for certain inventory, equipment, supplies and services. If there is no designated or approved supplier for a particular item, you may purchase, lease, sell or use products, equipment, supplies and services that meet our standards and specifications from any source approved by us. On or before your commencement of our initial training program, we will make available to you a list, if any, of our approved suppliers, the standards and specifications for items to be used, sold or leased by you through your DETAILXPERTS Business, as well as our criteria for approving a supplier, if any.

Except as described above in this Item, we are not currently affiliated with any designated or approved suppliers. As of the date of this Disclosure Document, none of our officers owns an interest in any approved suppliers other than in us and our affiliate. We and our affiliate reserve the right to sell other products, equipment, supplies and services to franchisees and to derive revenue from such sales. In the fiscal year ended December 31, 2019, we had no revenues from franchisee purchases through us or our affiliate. We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 40% to 43% of the total cost of establishing a DETAILXPERTS Business and approximately 10% to 20% of the total cost of operating a DETAILXPERTS Business after that time.

If you want to purchase or lease any products, equipment, supplies, or services we have not approved, or purchase or lease these items from a supplier who we have not approved, you will need to notify us and obtain our approval in advance. The notification should include sufficient specifications, photographs, drawings and other information and samples to determine whether those items or those suppliers meet our specifications. You must reimburse us for the actual cost of any testing and the reasonable cost of investigation to determine whether the proposed items or suppliers meet our specifications. We will not unreasonably withhold our approval of a supplier of your choosing, if the supplier meets our published standards and specifications. We reserve the right to change the published standards regarding any approved supplier or any products, equipment, supplies, or services used, offered for sale or leased by franchisees upon 30 days written notice to all franchisees and all approved suppliers.

Franchisee will receive notification of approval or denial of the supplier within 30 days from the date we receive the sample of the product. Supplier approval is based on competitive price of comparative products. The franchisor negotiates purchase agreements offered by such approved suppliers for the benefit of DETAILXPERTS franchisees.

We do not provide material benefits, such as renewals or granting additional franchises, based on your use of designated or approved sources or suppliers.

Advertising and Marketing

All marketing and promotion of your DETAILXPERTS Business must conform to our standards and specifications. You must submit to us samples of all advertising and promotional materials that have not been prepared or previously approved by us. You must conduct an initial promotional and marketing campaign as directed by us and with advertising materials available through us. Websites and other electronic advertising must comply with our policies and procedures regarding development, maintenance, use and content. We retain the right to develop and control all advertising using our Marks on the Internet. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise.

Insurance

You must procure and maintain the following insurance coverage: (i) automobile liability insurance covering all employees of the DETAILXPERTS Business with authority to operate a motor vehicle, including owned, hired, and non-owned vehicle liability, of not less than $1,000,000 for each occurrence or, with our prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage; (ii) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage with a policy limit of $1,000,000 in the aggregate; and (iii) commercial general liability insurance/garage liability coverage covering the Business in an amount not less than $2,000,000 in the aggregate, provided that such amount shall be equal to or exceed any minimum coverage imposed by a National Account or other third-party operator of the parking garage or other location. If you fail to purchase this insurance, we may demand that you cease operations or obtain insurance for you and you must reimburse us for the cost of the insurance. All insurance policies must name us as an additional insured and give us at least 30 days prior written notice of termination, amendment or cancellation. You also must provide us with certificates of insurance evidencing your insurance coverage before attending our initial training program. You must furnish us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums as we request from time to time. We reserve the right to require you, upon 60 days prior written notice, to change the type of insurance you are required to maintain and to revise the required coverage limits.

Purchasing Arrangements

We have no purchasing or distribution cooperatives at the current time, although we may establish pricing programs with certain suppliers based on volumes purchased. Periodically, we may negotiate purchase arrangements, including price terms, with suppliers for the benefit of our franchisees. We can require that you participate in these arrangements and programs. However, you should not rely on the continued availability of any particular pricing, rebate or distribution arrangement, or the availability of any particular product or brand, in deciding whether to purchase the franchise. We and our affiliate retain the right to receive payments from suppliers on account of their dealings with you and other franchisees. During the 2019 fiscal year, we and our affiliate did not receive any payments from suppliers as a result of your purchases.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and Development Agreement. It will help you find more detailed information about your obligations in the Franchise Agreement, and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Item in Disclosure Document
(a) Site selection and acquisition/lease	FA Sections 3.1 and 5.1	Items 7 and 11
(b) Pre-opening purchases/leases	FA Sections 5.1, 5.2, 5.3 and 5.4	Items 5, 6, 7 and 8
(c) Site development and other pre-opening Requirements	Article 5	Items 7, 8 and 11
(d) Initial and ongoing training	Article 6 and FA Sections 10.1.c. and j.	Item 11
(e) Opening	FA Section 5.7	Item 11
(f) Fees	Articles 4, 9, 10, 11 and 12; FA Sections 5.4, 6.4, 13.4, 14.7, 15.4, 15.5, 16.2, 17.3, 19.3, 20.4, 22.2, 23.7 and 23.10; and DA 2.1	Items 5, 6 and 7; Exhibit C
(g) Compliance with standards and policies/ Operations Manual	Articles 8 and 13	Items 8, 11 and 14
(h) Trademarks and proprietary information	Article 14 and FA Sections 20.3 and 20.6	Items 13 and 14; Exhibit C
(i) Restrictions on products/services offered	FA Sections 10.1.d, 13.4 and 13.5	Items 8, 11 and 16
(j) Warranty and client service requirements	FA Section 10.1	Item 8
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) On-going product/service purchases	Article 10 and FA Sections 13.4 and 13.5	Item 8
(m) Maintenance, appearance and remodeling Requirements	FA Sections 10.1, 13.1 and 17.3.c	Item 11
(n) Insurance	Article 21	Items 7 and 8
(o) Advertising	Article 12	Items 6, 7 and 11
(p) Indemnification	FA Section 19.3	Item 6
(q) Owner's participation/management/staffing	FA Sections 6.1, 10.1.c, .g, .i and .j	Items 11 and 15
(r) Records and reports	Article 15	Item 6
(s) Inspections and audits	FA Sections 13.3, 13.4 and 15.4	Item 6
(t) Transfer	Article 16	Item 17
(u) Renewal	FA Sections 17.2, 17.3, 17.4 and 17.5	Item 17
(v) Post-termination obligations	FA Section 18.3	Item 17

(w) Non-competition covenants	Article 20	Item 17; Exhibit I
(x) Dispute resolution	Article 22	Item 17
(y) Development agreement	DA Section 1.1, 1.2, 1.3 and 1.4	Item 1; Exhibit C

ITEM 10

FINANCING

We do not offer any 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.

Assistance Before Opening

Before you open your Business, we or our designee will:

1. Designate your Territory. (Sections 3.2 and 7.1.a. of the Franchise Agreement); and Exhibit C, Section 3.1)

2. Provide our initial training program for up to two individuals at our headquarters in Chattanooga, Tennessee or at another location we designate. (Sections 6.1 and 7.1.b. of the Franchise Agreement)

3. Provide you with advice regarding the selection of suppliers of items and supplies used in connection with your DETAILXPERTS Business. We will provide you with a list of approved suppliers, if any, of such items and, if available, a description of any national or central purchase and supply agreements offered by such approved suppliers for the benefit of DETAILXPERTS franchisees. (Section 7.1.c. of the Franchise Agreement)

4. Loan you one copy of our confidential and proprietary Operations Manual, covering the specifications, standards and operating techniques of the Business and all updates and revisions thereto. (Sections 7.1.d and 8.1 of the Franchise Agreement)

5. Assistance with your initial promotional and marketing campaign, including production of the requisite advertising materials to conduct the initial promotional and marketing campaign, which materials will be made available for your purchase. (Section 7.1.e. of the Franchise Agreement)

Ongoing Assistance

During your operation of the Business, we or our designee will:

1. If you are opening your first Business, provide up to two days of assistance in your Territory within three months after you open your Business. (Sections 6.2 and 9.1.a. of the Franchise Agreement)

2. At your reasonable request, consult with you by telephone, facsimile or electronic mail regarding the continued operation and management of your DETAILXPERTS Business and advise you regarding services, sales techniques, client relations and similar topics. (Section 9.1.b. of the Franchise Agreement)

3. Provide you with on-going updates of information and programs regarding the DETAILXPERTS Business and related Licensed Methods, including, without limitation, information about special or new products or services which may be developed and made available to franchisees. (Section 9.1.c. of the Franchise Agreement)

4. Train or certify replacement or additional Principal Managers, during the term of the Franchise Agreement. We reserve the right to charge a tuition or fee for the training, commensurate with our then current published prices. All tuition charges will be payable in advance. You are responsible for all travel and living expenses incurred by your personnel during the training program. The availability of the training program to replacement or additional personnel is subject to prior commitments to new DETAILXPERTS franchisees and must be scheduled on a space-available basis. (Section 9.1.d. of the Franchise Agreement)

5. Provide you access to advertising and promotional materials that we may but are not required to develop. We may, at our option, pass the cost of the advertising and promotional materials on to you or charge the Advertising Fund. (Sections 9.1.e. and 12.6 of the Franchise Agreement)

6. Make available for purchase the equipment and supplies for the operation. (Section 9.1.f. of the Franchise Agreement)

Advertising and Promotion

Initial Advertising and Follow-Up Local Advertising. Your initial advertising campaign will be conducted at or around the time your DETAILXPERTS Business opens for business, in a manner which we must first approve. The minimum expenditure requirement for the initial advertising campaign is $7,000. Thereafter, you must spend a minimum average per month of 2% of the amount of your Gross Sales on local advertising that has been pre-approved by us. An accounting of your local advertising expenditures is submitted to us on or before January 15th and July 15th of each year.

You may create your own advertising and promotional materials; however, all local advertising and promotion by you must be in such media and of such type and format as we may approve, must be conducted in a dignified manner and must conform to the standards and requirements as we may specify.

You may not use any advertising or promotional plans or materials unless and until you have first received written approval from us.

Before using any promotional and advertising (including internet and social media) materials, you are required to submit to us or to our designated agency, for our prior written approval, all information pertaining to promotional materials and advertising initiated by you, including written advertisements, radio and television scripts, Internet sites, social media advertising, or any promotional creative materials. If we do not give you our written approval or disapproval of any advertising and promotional material submitted to us by you with seven days from the date the information is received by us, the materials will be deemed approved as submitted. You may only use gift certificates that have been approved by us.

Advertising Contribution. You must remit to us an advertising contribution ("**Advertising Contribution**") of 2% of the amount of your Gross Sales. The Advertising Contribution is due to us along with your Royalty payment, payable monthly by the first business day of the month. We may deposit the Advertising Contributions collected from all DETAILXPERTS Businesses in a bank account separated from our operating account ("**Advertising Fund**"). Company-owned DETAILXPERTS Businesses pay into the Advertising Fund on an equal percentage basis with all franchised DETAILXPERTS Businesses. If you request it in writing, we will send you an annual, unaudited financial statement for the Advertising Fund which indicates how the Advertising Fund has been spent during the previous calendar year. Because we do not have the Fund audited, audited financial statements are not available to franchisees.

We administer the Advertising Fund in our sole discretion. The Advertising Fund proceeds may be used for the creation, production and placement of commercial advertising, agency costs and commissions, creation and production of video, audio, and written advertisements, including direct mail and other direct advertising, brochures, collateral advertising material, television, radio, print and other media advertising and employing advertising agencies and in-house staff assistance, supporting public relations, market research and surveys of advertising effectiveness, creation and maintenance of a website and other electronic advertising, brand recognition and other advertising and marketing activities. We do not spend any of the Advertising Fund on soliciting franchisees.

We may reimburse ourselves and our affiliate from the Advertising Fund for administrative costs, salaries and overhead expenses related to the implementation and administration of the Advertising Fund and its marketing programs, including conducting market research, preparing material and collecting and accounting for Advertising Fund contributions. In any fiscal year we may spend an amount greater or less than the aggregate contribution of all DETAILXPERTS Businesses to the Advertising Fund in that year. The Advertising Fund may borrow from us or other lenders to cover deficits or cause the Advertising Fund to invest any surplus for future use. Any amounts remaining in the Advertising Fund at the end of each year accrue and we apply them toward the next year's expenses. We do not guarantee that advertising expenditures from the Advertising Fund will benefit you or any other franchisee directly or on a pro rata basis. We assume no other direct or indirect liability or obligation to you for collecting amounts due to any advertising account or for maintaining, directing or administering any advertising account. We reserve the right to terminate the Advertising Fund upon 30 days prior written notice to all franchisees and any remaining monies will be distributed pro rata based on all DETAILXPERTS Businesses' contributions within the preceding 12 months.

We may use outside advertising agencies and personnel and in-house personnel to create local and regional advertising, including ad slicks, radio spots, direct mail, flyers, mail inserts, newspaper ads, yellow page ads and other marketing pieces and programs. We may, in our sole discretion, elicit input on advertising from all or a group of franchisees. You must purchase local advertising separately through local marketing and media sources within a geographical area. Local advertising is primarily your responsibility. We conduct advertising on a national level and not obligated to spend any amount on advertising in your local area.

We do not currently have a franchisee advisory council ("**FAC**") that advises us on advertising policies or other issues, but we reserve the right to create a FAC.

During the 2019 fiscal year of the National Advertising Fund, 100% of the Advertising Fund was spent on production of advertising, including website development. No portion of the Advertising Fund as spent to principally solicit new franchisees. No portion of the Advertising Fund was retained by us or our affiliate. Reports regarding advertising activities conducted pursuant to the Advertising Fund are made available to our franchisees.

Regional Advertising Association. We may, upon 30 days written notice to you, create a regional advertising association ("**Co-op**") in the market area where you are located, at which time you must become a member of the Co-op. In our sole discretion, we may contribute back to the Co-op for marketing and advertising programs all or a portion of the Advertising Contribution payments received by us from franchisees in the Co-op from your market area. We may make these funds available on a regular basis or intermittently for specific programs selected by the majority of the Co-op members and approved in advance by us. If we form a Co-op, you will be bound by the decisions of the majority of the members of the Co-op regarding expenditures, assessments and dues, to the extent we approve them. If you fail to participate in the Co-op or fail to pay any Co-op dues, you breach the Franchise Agreement.

Subject to our prior approval, each Co-op has the right, by majority vote, to require its members to make additional contributions to the Co-op on a regular or intermittent basis of all or a portion of your Local Advertising Allocation. Therefore, your total advertising commitment may be paid and used at a regional level, in our sole determination. You receive credit for payments into the Co-op toward your local advertising expenditures.

We must approve all advertising materials before they are used by a Co-op or furnished to its members. Each Co-op must prepare unaudited annual financial statements and send them to you if you request them. We have the right to determine the scope of the geographical areas included in each Co-op. We can form, determine the bylaws for, change and dissolve the Co-op. We also have the right to determine whether and to what extent the Co-op will be self-administered. Each Co-op would operate under a written document which franchisees can view. Either DETAILXPERTS or the Co-op may create the Co-op's advertising, but advertising created by the Co-op would be required to have our written approval before use.

Operations Manual

Attached to this Disclosure Document as Exhibit G is the table of contents of our Operations Manual which we loan to you. The total number of pages in the Operations Manual is approximately 110 pages.

Computer System

You must purchase a laptop computer and high-quality color printer ("**Laptop Computer**") which meets our standards and specifications. The Laptop Computer must be wireless capable. The Laptop Computer must be loaded, as applicable, with the software that we designate, including, the designated version of Microsoft Office Small Business and QuickBooks ("**Software**"). The Laptop Computer and Software permits you to schedule client appointments, store client information, prepare financial statements, and as of the date of this Disclosure Document access, via a wireless connection, online reservations made by customers. The initial cost to purchase and license the Laptop Computer and Software ranges from $4,000 to $6,000. The Laptop Computer and Software must be installed, configured and integrated in accordance with our standards and specifications. If and when we have our own proprietary software developed specially for the Business and made available, we reserve the right to require that you license our proprietary software package.

Upon notice to you, we reserve the right to receive information contained in the computer databases of your Laptop Computers and any other computers you use in the Business through on-line or wireless communication contact with your computer system. We have no contractual limitation on our right to receive information through your computer system. You must join and pay for a high-speed wireless electronic network connection service which meets our standards and specifications to facilitate communication between you and DETAILXPERTS and among our franchisees.

We may require you to upgrade or update your Laptop Computer and Software on 30 days notice. The cost of this obligation is limited to $1,500 every 12 months. No other contractual limitation exists on the frequency or cost of this obligation. We may (i) develop our own proprietary software or other technology for use in DETAILXPERTS Businesses and charge you a licensing or other fee for such software or other technology; (ii) derive revenue from computer software or other technology maintenance and upgrade fees in the event we develop our own proprietary software or other technology for use in DETAILXPERTS Businesses; and (iii) require that you participate, at your cost, in all credit card or other payment, electronic data capture, maintenance and warranty, electronic or other communication services or other similar programs that we deem mandatory.

Websites and other electronic advertising must comply with our policies and procedures regarding development, maintenance, use and content. We retain the right to develop and control all advertising using our Marks on the Internet. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise. We also reserve the right to have independent access to information and data that is electronically collected.

Office Location and Fixed Vehicle Detailing Unit Location Selection

You may operate your Business from a home office or, if you prefer, you may locate your Business in commercial space. You do not need to seek our approval or disapproval of your Office Location if your Office Location is located in your Territory. You select the location for your office. We approve of the Office Location for your Business by noting it in Addendum 1, attached to the Franchise Agreement. You must designate an Office Location for your Business. The Territory location and size is agreed to at the time of execution of the Franchise Agreement.

If instead of operating a purely mobile business and providing vehicle wash and detailing services at multiple ever-changing customer locations, you instead determine to provide the vehicle wash services and detailing services principally at a fixed third-party operated location, such as a parking garage, you must notify us of the location prior to commencing operations at the location. If the location is operated by a National Account or is otherwise referred to you by us, you will pay us the then current Location Development Assistance Fee. If the location is operated by a National Account, you must also comply with any agreement between us and our affiliate and the National Account.

Schedule for Opening

The typical length of time between the signing of the Franchise Agreement and the opening of the Business will be approximately 90 days. The factors which may affect this time period are the purchase or lease of your vehicle, obtaining computer equipment and software, completing your initial training program and obtaining any licenses required to operate your Business. You are required to commence operating your Business within 90 days after you sign the Franchise Agreement. We may extend the time for opening your Business if factors beyond your reasonable control prevent you from meeting this deadline, so long as you have made reasonable, continuing efforts to meet this opening schedule. You must apply for this extension before the opening deadline passes. If you fail to meet this deadline, we may terminate the Franchise Agreement.

Training Programs

We will provide an initial training program which will be conducted in Chattanooga, Tennessee and/or at an alternative location designated by us. We offer you the initial training program within a reasonable amount of time after you sign the Franchise Agreement. We schedule our initial training program approximately every two months. The initial training program will consist of up to 40 hours of classroom and on-the-job training at our designated training location. We provide you with written manuals for use in conjunction with the initial training. We may waive all or a portion of the training program, if you or your Principal Manager have sufficient prior experience or training, in our sole determination.

Two individuals are eligible to participate in our initial training program without charge of a tuition or fee. If additional people are approved by us to attend training, you pay the then current published tuition rate in advance for each person; this amount is currently $400 per day. You must pay any and all transportation and living expenses which are incurred by your personnel in connection with attendance at the training program at our headquarters in Chattanooga, Tennessee or alternate location we may designate. At least one individual who will be responsible for the daily management of the Business must successfully complete the initial training program to the franchisor's satisfaction. We will make the initial training program available to replacement or additional Principal Managers you hire during the term of the Franchise Agreement. We charge a tuition or fee, commensurate with our then current prices, for such training, payable in advance and you must pay all travel and living expenses which are incurred by your personnel when they attend our training program. The availability of the training program to replacement or additional Principal Managers will be subject to prior commitments to new DETAILXPERTS franchisees and is scheduled on a space available basis.

If you are opening your first Business, we also provide up to two days of follow-up assistance and training in your Territory regarding the operation of your Business. We pay our own transportation and living expenses incurred in providing the follow-up mentoring in your Territory regarding the operation of your Business, but you will be responsible for transporting your personnel and our personnel in your vehicle designated for use in your Business.

Training is supervised by our CEO, Emmanuel Williams and President, Angela Williams. Both have more than twenty years of experience with us, and more than ten years and in the field. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct and are overseen and reviewed by our CEO and / or President. The Operations Manual is the main source of instructional material.

We may occasionally present seminars, conventions, continuing development programs or conduct meetings for your benefit. You or your Principal Manager must attend certain seminars, conventions, programs or meetings offered by us during the term of your Franchise Agreement, when we announce them as being mandatory. We will give you at least 30 days written notice before any seminar, convention, program or meeting at which we will require your attendance. We will not require that you attend any mandatory training program conducted by us more than two times a year. We reserve the right to charge a fee to attend any national convention or training program. You will be responsible for all travel and living expenses which are associated with attendance at such programs.

Our initial training program currently consists of the following:

TRAINING PROGRAM

Subject[1]	Hours of Classroom Training	Hours of On–The-Job Training	Location
Introduction	2	0	Chattanooga, Tennessee
Retail Product Training	4	2	Chattanooga, Tennessee
Operating the Business and Equipment Maintenance	2	8	Chattanooga, Tennessee
POS System, Accounting and Administration	2	2	Chattanooga, Tennessee
Security and Safety	0	2	Chattanooga, Tennessee
Customer Marketing, Services and Sales	4	8	Chattanooga, Tennessee
Staff Training – Operating the Business	2	2	Chattanooga, Tennessee
Total	**16**	**24**	

(1) The background and experience of the instructors, Angela Williams and Emmanuel Williams have more than twenty years of experience with Franchisor and in the field.

ITEM 12

PROTECTED TERRITORY

Your DETAILXPERTS Business can be operated out of a home office or leased office space. The location of your Business will be identified as the "Office Location" in the Franchise Agreement. You may not relocate your Office Location to a location outside the Territory (defined below) without our prior written approval.

You will receive an exclusive territory ("**Territory**") that will be delineated by county lines, zip code boundaries, street boundaries or similar designations as well as availability and growth potential as determined by the business map software that we utilize. Your Territory will contain at least 300,000 persons and include the businesses in the Territory. You will operate from one location that you select (the "Franchised Location"), within which we will not establish and operate except for, stipulated in Franchise Agreement, Item 3.7, or franchise anyone else to establish and operate, other DETAILXPERTS Franchisees.

You may not change the location of your Franchised Location or your Territory without our written consent. You have no option, right of first refusal or similar contractual right to acquire additional DETAILXPERTS franchises, unless you sign a Development Agreement.

If you perform work or provide services to commercial customers in your Territory, you agree to a review by us, our representative or the commercial client of the level of services you provided to a commercial customer. If we determine that you have not provided a satisfactory level and quality of service, then we may, in our discretion, appoint another franchisee to perform any future services for that commercial customer, regardless of whether the commercial customer is located or operates in your Territory.

If we or another franchisee operating outside of your Territory refer a prospective customer to you, you are required to contact that prospective customer within 48 hours of receiving the prospective customer's contact information from us or the other franchisee. If you fail to contact the prospective customer within that time period, we, in our sole discretion, shall have the right to assign another franchisee the right to contact the prospective customer and perform the services initially requested and all services later requested by the same prospective customer in the future, regardless of the fact that the prospective customer is located within your Territory.

Except as provided in this Item 12, we will not operate or franchise a third party to operate, a DETAILXERTS franchise in an existing Territory, but there are no other restrictions regarding operating company-owned operations or in granting franchised outlets for a different business within your Territory. You will maintain rights to your Territory (or Territories), even though the population may increase.

You do not receive the automatic right to acquire additional franchises adjacent to your Territory. You may be granted, in our sole discretion, permission to sell or service customers in an unsold Territory adjacent to your Territory (an "Adjacent Territory"). However, when an Adjacent Territory is granted to another franchisee, you must, upon receipt of written notice from us, cease all sales and service efforts within the Adjacent Territory, and deliver to us, within 10 days of notice, all customer and prospect information related to customers and prospects located in the Adjacent Territory.

The Franchise Agreement give you no options, rights of first refusal, or similar options to acquire any additional franchises from us, although we may in our discretion offer you the right to acquire additional franchises in the future.

Except as expressly stated above, you may not operate your DETAILXPERTS franchise outside of your Territory without our written consent. If you market, provide or sell any of the products or services of the DETAILXPERTS franchise within the territory of any DETAILXPERTS franchise owned by us, any affiliate of ours or any other franchisee of ours, without our prior written consent, we will have the right to terminate your Franchise Agreement effective immediately upon notice. You are prohibited from using other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Territory, without our prior written consent.

We retain the rights, among others: (1) to use and to license others to use, the Marks and Licensed Methods in connection with the operation of a DETAILXPERTS franchise, at any location other than within your Territory and, if applicable, within your Development Area; (2) to use the Marks to identify any type of products and services, promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution (other than DETAILXPERTS franchise), at any location, and (3) to use and license the use of different proprietary marks or methods in connection with the sale of products and services similar to those which you sell as a franchisee of DETAILXPERTS. We have no present plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark, although, as just stated, we reserve the right to do so.

We can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not) with companies and/or units located anywhere, including arrangements where other units are (or are not) converted to the DetailXPerts Franchise System or other format, or in which company-owned, franchised or other business (including your DetailXPerts Franchise) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in your Territory. You must fully cooperate with any of these conversions, at your sole expense.

Protected Territory under the Franchise Agreement

You will be granted an exclusive geographic area around your Franchised Location, within which we will not establish and operate except for, stipulated in Franchise Agreement, Item 3.7, or franchise anyone else to establish and operate, other DETAILXPERTS Franchisees.(1) to use, and to license others to use, the Marks and Licensed Methods for the operation of DETAILXPERTS Businesses at any location; (2) to use the Marks to identify promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution, at any location, including, but not limited to, such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing; (3) to contract with and provide products and services to National Accounts at any location; (4) to use and license the use of alternative proprietary marks (i.e., trademarks dissimilar from the "DETAILXPERTS" Marks) in connection with the development and sale of products and services similar to or dissimilar from those which the Franchisee will sell, whether in alternative channels of distribution including, without limitation, the Internet, catalog sales, telemarketing, or other direct marketing, or in connection with the operation of businesses which are the same as, or similar to, or different from DETAILXPERTS Businesses, at any location and on any terms and conditions as the Franchisor deems advisable, and without granting the Franchisee any rights therein; and (5) to engage in any activities not expressly prohibited by the Franchise Agreement or franchise anyone else to establish and operate, other DETAILXPERTS Franchisees. The designated area ("**Territory**") for your franchise will be determined based on published US Government demographics in your area with no less than 300,000 persons and/or or by county lines, zip code boundaries, street boundaries or similar designations as well as availability and growth potential.

You may not change the location of your Franchised Location or your Territory without our written consent. You have no option, right of first refusal or similar contractual right to acquire additional DETAILXPERTS franchises, unless you sign a Development Agreement.

Protected Territory under the Development Agreement

Under the terms of the Development Agreement, we grant to you the right to establish, according to a schedule, a minimum number of DETAILXPERTS franchises within an exclusive geographical territory ("**Development Area**"). Each franchise with a Development Area is usually defined by political boundaries with no less than 300,000 persons and/or or by county lines, zip code boundaries, street boundaries or similar designations as well as availability and growth potential such as street boundaries, a city, county or state limits or by other reasonable boundaries. The number of DETAILXPERTS franchises to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional DETAILXPERTS franchises within your Development Area or in contiguous areas beyond what is set forth in the Development Agreement.

We may not establish or franchise any other person or entity to establish DETAILXPERTS franchises using the Marks and Licensed Methods within or outside of your Development Area for so long as the Development Agreement is in effect without your prior written consent. The continuation of your right to your Development Area during the term of the Development Agreement is dependent on meeting the Development Schedule set forth in the Development Agreement. This Agreement may be terminated by the Franchisor on 30 days prior written notice, such notice containing a right to cure such default, if applicable, in the event the Franchisee defaults on any term or condition of this Agreement; including without limitation, failure to develop in accordance with the Development Schedule.

We retain the rights, among others: (1) to use and to license others to use, the Marks and Licensed Methods in connection with the operation of a DETAILXPERTS franchise, at any location other than within your Territory and, if applicable, within your Development Area; (2) to use the Marks to identify any type of products and services, promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution (other than DETAILXPERTS franchise), at any location, and (3) to use and license the use of different proprietary marks or methods in connection with the sale of products and services similar to those which you sell as a franchisee of DETAILXPERTS. We have no present plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark, although, as just stated, we reserve the right to do so.

We reserve the right under the Franchise Agreement to contract with "National Accounts" to provide DETAILXPERTS Business services and products. A "**National Account**" means a single client that conducts its business for its own account or through agents, affiliates, dealerships, independent contractors or franchisees, at three or more locations and who has a written contract with us or our affiliate for the provision of DETAILXPERTS Business products and services to its locations. If we or our affiliate contract with a National Account which has a location within your Territory, we will contact you and provide you with an opportunity to provide DETAILXPERTS Business services to the National Account location within your Territory under the terms and conditions agreed to between us or our affiliate and the National Account. If the National Account location is located in the Territory of two or more franchisees, or the products and services will be provided at a location other than a Fixed Location located outside the Territory of any franchisee, the National Account location or National Account customer will be offered in accordance with our then current policies and procedures for referring National Account locations and National Account customers. If within 10 days of our contacting you, you are unable for any reason, or do not elect to, provide the contracted for products and services to the National Account location in accordance with the agreed terms, we, our affiliate or their designees, including other franchisees, will have the right to provide the services at such location and you will have no right to the National Account during the term of the contract with them and will not be entitled to receive any compensation or proceeds from the provision of such products and services. We cannot guarantee that we will have any National Accounts or that you will receive any National Account referrals in your Territory.

We, on behalf of ourselves and our affiliate, retain the rights, among others, without any compensation to you:

1. To use and to license others to use the Marks and Licensed Methods for the operation of DETAILXPERTS Businesses at any location;

2. To use the Marks to identify promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution, at any location, including sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales;

3. To contract with and provide services and products to National Accounts at any location, subject to your rights as described above;

4. To use and license the use of alternative proprietary marks (i.e., trademarks dissimilar from the "DETAILXPERTS" marks) in the sale of products and services similar to, or dissimilar from, those which you will sell, whether in alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, or with the operation of businesses which are the same as, or similar to, or different from DETAILXPERTS Businesses, at any location, and on any terms and conditions as we deem advisable, and without granting you any rights to them; and

5. To engage in any activities not expressly prohibited by the Franchise Agreement.

The continuation of your right to operate your Business within your Territory during the term of the Franchise Agreement, does not depend on the achievement of any specified sales volume, market penetration or other contingency.

There are no other circumstances that permit the franchisor to modify the franchisee's territorial rights.

6. We, on behalf of ourselves and our affiliate, retain the rights, among others, without any compensation to the franchisee for soliciting or accepting orders from inside the franchisee's territory.

Relocation

You may not relocate your Franchise Location unless you relocate it as a result of condemnation unusual circumstance or act of God, or for some other reason approved by us in writing. We will consent to your location to a site acceptable to us provided that: (1) you are in full compliance with the Franchise Agreement; (2) you give us written notice of your desire to relocate at least 30 days prior to the date your Franchise Location will close for relocation; (3) you have sufficient term remaining under the Franchise Agreement, or purchase from us sufficient additional term under the Franchise Agreement, to satisfy our then current policy on remaining term requirements for relocations; and (4) at our request, you execute a general release, in a form satisfactory to us, of any and all claims against us or our affiliate and our and their respective officers, directors, attorneys, shareholders and employees, and any other ancillary agreements we are then using for relocations, or, in the event you are required to purchase additional term, you sign our then current form of Franchise Agreement.

ITEM 13

TRADEMARKS

We license to you the non-exclusive right to use the Mark "DETAILXPERTS and Design" and other trademarks, service marks and commercial symbols that we may authorize.

On November 16, 2010, Emmanuel H. Williams, our founder, registered service trademark, for the DETAILXPERTS official logo, Registration Number 3,875,923 on the Principal Register of the United States Patent and Trademark Office ("USPTO"). This registration has been renewed. Mr. Williams has assigned this registration to the franchisor. We have filed all required affidavits.

You must use the service mark "DETAILXPERTS" as the principal identification of your DETAILXPERTS Business. You must also, however, identify yourself as the independent owner of the Business, in the manner as we may require. You may not use any Mark as part of any corporate or trade name, as part of an electronic mail address or on any sites on the Internet or World Wide Web, or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you), or in any modified form, nor may you use any Mark to identify unauthorized services or products or in any other manner not expressly authorized in writing by us. You may not use or register the Marks as an Internet domain name.

You will be required to modify or discontinue your use of a Mark if we require modification or discontinuance of it, at your own expense.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks.

Other than as described above, there are no currently effective agreements that significantly limit our right to use or license the use of the Marks listed in this Item 13 in a manner material to the franchise.

We do not know of any superior or prior rights or infringing uses that could materially affect your use of the Mark DETAILXPERTS in any state. You are obligated to notify the franchisor of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to the franchisee.

We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition with respect to your use of the Marks, but it is our policy to do so when, in the opinion of our legal counsel, your right to use the Marks requires protection. In such a case, we will pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. You must cooperate with us and our affiliate in any such litigation. Any apparent infringement of or challenge to your use of any Mark should be brought to our attention immediately and you may not communicate with any person other than us or our counsel regarding any such matter. You may not settle any claim without our written consent. We and our affiliate have sole discretion to take any appropriate action. We and our affiliate have the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising out of any infringement, challenge or claim relating to any Mark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

On October 25, 2016, claiming priority from a prior (now-abandoned) utility patent, application (serial number 12/618,030), Emanuel Williams filed a utility patent application with the USPTO entitled Method for Use of Vehicle Cleaning Apparatus, Serial No. 15/334,272. The invention relates generally to a method for cleaning vehicles that utilizes steam. As of the date of this Franchise Disclosure Document, there are no presently effective determinations by a court regarding the patent application and Mr. Williams is preparing a response to a non-final rejection of the application by the USPTO.

No registered copyrights are material to the franchise.

The Franchise Agreement does not obligate us or Mr. Williams to protect you against claims of infringement with respect to your use of the invention described in the patent application, but, if a patent issues out of the application, we will do so, when, in the opinion of our counsel, your rights require protection. We will pay all costs, including attorneys' fees and court costs, associated with any litigation we commence or defend on your behalf to protect any patent and your right to use it. You must cooperate with us and Mr. Williams in any litigation. We may require you to modify or discontinue using the steam cleaning apparatus described in the patent application.

We consider our Operations Manual and related materials, training materials, our Licensed Methods, our current software and any software that we may in the future develop to be our proprietary and confidential property. They may be used by you only as described in the Franchise Agreement. We require that you maintain the confidentiality of our information and adopt reasonable procedures to prevent unauthorized disclosure of these secrets and information. Although we have not obtained a copyright registration, we or our affiliate own the copyright in our Operations Manual, advertising materials, training materials and other works.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or your managing partner or principal shareholder) are not obligated to participate personally in the direct operation of your Business, although we recommend that you do so. If you (or your managing partner or principal shareholder) do not participate in the day-to-day operation of the Business, you must designate a manager(s) ("**Principal Manager**") to be responsible for the direct supervision of the Business operations and sales. If you are a corporation, limited liability company or partnership, we do not require that your Principal Manager own an equity interest in such entity. You or, if applicable, the Principal Manager, are required to successfully complete our mandatory initial training program.

If you are a corporation, limited liability company or partnership, your Principal Manager and each of your officers, directors, shareholders or members (and, if you are an individual, immediate family members) must execute our standard Nondisclosure and Noncompetition Agreement, a copy of which is attached to this Disclosure Document as Exhibit I. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

Each of your shareholders, partners, members and other owners must sign an agreement (Exhibit II to Franchise Agreement) guaranteeing and agreeing to perform all obligations of the named Franchisee under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell through the Business only those DETAILXPERTS products and services that we have approved. You must sell all of the products and services approved by us. We have the right to change the types of authorized products and services, and there are no limits on our right to do so, although we will provide you with written notice 30 days before any change become effective. You may not offer for sale any products or perform any services that we have not approved, nor can you engage in any other business enterprise through the entity that you use to operate the Business without our prior written consent. You must comply with our standards and specifications for the products and services offered through your Business.

You may not market or advertise through media whose exclusive circulation is outside your Territory. You may provide the vehicle wash and detailing services outside of your Territory if the products and services can be provided substantially in accordance with our minimum standards and specifications which relate to scheduling, quality and similar considerations.

We reserve the right to restrict your provision of DETAILXPERTS Business products and services to National Accounts.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	**Section in Franchise Agreement (FA) and Development Agreement (DA)**	**Summary**
a. Length of the franchise term	FA Section 17.1	10 years
b. Renewal or extension of the term	FA Article 17	Option to renew for the term in the then current Franchise Agreement.
c. Requirements for franchisee to renew or extend	FA Sections 17.3 and 17.4	Provide written notice to Franchisor, execute then current Franchise Agreement, upgrade Business to then current standards, execute release, pay fee, have been in substantial compliance with Franchise Agreement. If you seek to renew your franchise, you may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by franchisee	Not Applicable	Not Applicable

e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	FA Sections 18.1 and 18.2; and DA, Section 4.1	We can terminate only if you commit any one of several listed violations.
g. “Cause” defined-curable defaults	FA Sections 18.1 and 18.2; and DA, Section 4.3	30 days for operational defaults and 10 days for monetary defaults or misuse of Licensed Methods or Marks.
h. “Cause” defined-non-curable defaults	FA Section 18.1	Unauthorized disclosure, conviction of a crime, abandonment, unapproved transfers, bankruptcy1, assignment for benefit of creditors, unsatisfied judgments, repeated violations.
i. Franchisee’s obligations on termination/nonrenewal	FA Section 18.3	Pay outstanding amounts, de-identification, return of confidential information, customer list, and telephone numbers, (see also r).
j. Assignment of contract by franchisor	FA Section 16.6	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	FA Sections 16.1, 16.2, 16.5 and 16.7	Includes transfer of contract or assets or certain changes in ownership if you are an entity.
l. Franchisor approval of transfer by franchisee	FA Sections 16.1, 16.2, 16.3 and 16.5	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for franchisor approval of transfer	FA Sections 16.2, 16.3, 16.5 and 16.7	Transferee qualifies to become a franchisee, all amounts due are paid in full, transferee completes training, transfer fee paid, then current contract signed, general release signed and noncompetition covenant.
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA Section 16.4	We can match any offer.
o. Franchisor’s option to purchase franchisee’s business	FA Section 18.4	Upon termination or nonrenewal, we can purchase all or a portion of the assets of your Business.
p. Death or disability of franchisee	FA Section 16.7	Franchise must be assigned to approved transferee within 180 days.
q. Non-competition covenants during the term of the franchise	FA Section 20.1	No involvement in competing business and no diversion of employees or customers.
r. Non-competition covenants after the franchise is terminated or expires	FA Section 20.2	No competing business for 2 years within 100 miles of the Territory or within 100 miles of any other Territory of a DETAILXPERTS Business operating as of the termination or expiration.
s. Modification of the agreement	FA Section 23.1	No modifications generally but Operations Manual subject to change.

t. Integration/merger clause	FA Section 23.2and DA Section 8.6	.Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable
u. Dispute resolution by arbitration or mediation	FA Sections 22.1 and 22.2	All disputes except our enforcement of our trademark and noncompete issues will be arbitrated.
v. Choice of forum	FA Section 22.3	Mediation and arbitration Detroit, Michigan (subject to state law).
w. Choice of law	FA Section 22.3	Michigan law applies (subject to state law).

ITEM 18

PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the Franchise or the endorsement or recommendation of the Franchise by the public figure in advertisements. There are no public figures involved in our management.

The Franchise Agreement does not prohibit you from using the name of a public figure or celebrity in your promotional efforts or advertising; however, all advertising requires our approval.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Historical Revenue for the franchise locations which are similar in physical size, style, and projected construction costs (if applicable) are as is anticipated for all future franchisees. Revenue is the actual reported operating results for the fourteen (14) franchised locations for the calendar year ending in 2019. Ten (10) franchised locations were not included because data was not available. The majority of the locations were terminated due to non-payment of royalties and failure to cure default in timely matter, while some others ceased operations for personal reasons.

Other Similarities of Existing Locations share a particular set of characteristics including geographic location, degree of competition, length of time the outlets have operated, services, number of employees, and goods sold, and services supplied by the franchisor. Revenue costs are provided only for franchised locations.

The Operating Period for the franchised outlets is based on franchised locations which have been operating for less than one-full calendar year, one to two years and more than two-full calendar years.

The Average Revenue for these franchised locations in 2019 is $134,221.

Operating Period			**High** (**# and % attained or surpassed)**		**Average** (**# and % attained or surpassed**)		**Low** (**# and % attained or surpassed)**		**Median** (**# and % attained or surpassed)**	
	# reporting outlets	**# non-reporting outlets**	$408,000		$134,221		$35,500		$130,549	
0-1 year	2	1	0	0%	1	50%	1	50%	1	50%
1-2 year	4	3	0	0%	3	75%	1	25%	3	75%
2+ year	8	6	1	13%	6	75%	1	13%	7	88%

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

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

We also operated a DETAILXPERTS business similar to a franchised location. The revenue and other operating results for these locations are not included in this Item 19.

Other than the preceding financial performance representation, DetailXPerts does 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 income, you should report it to the franchisor's management by contacting Angela Williams, Chief Operating Officer, 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416, (877) 317-9737, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1

SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2017 TO 2019[(1)]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	22	22	0
	2018	22	25	+3
	2019	25	12	-13
Company-Owned	2017	12	12	0
	2018	12	15	+3
	2019	15	16	+1
Total Outlets	**2017**	**34**	**34**	**0**
	2018	**34**	**40**	**+6**
	2019	**40**	**28**	**-12**

(1) All numbers are as of December 31st of each year.

Table 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR)
FOR YEARS 2017 TO 2019[(1)]

State	Year	Number of Transfers
Indiana	2017	0
	2018	0
	2019	0
Michigan	2017	0
	2018	0
	2019	0
Florida	2017	0
	2018	0
	2019	0
Totals	**2017**	**0**
	2018	**0**
	2019	**0**

(1) All numbers are as of December 31st of each year.

Table 3

STATUS OF FRANCHISED OUTLETS
FOR YEARS 2017 TO 2019[1]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
California	2017	0	2	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	2	0	0	0	1
Colorado	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	1	0	0
	2019	0	0	0	0	0	0	0
Florida	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	1	2
	2019	2	0	1	0	0	0	1
Georgia	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
Illinois	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Indiana	2017	0	2	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	1	0	0	0	2
Kentucky	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
Michigan	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	1	0	0	0	1
North Carolina	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	1	0	0	0	1
Pennsylvania	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
South Carolina	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	1	0	0
Tennessee	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	1	0	0
	2019	0	0	0	0	0	0	0
Texas	2017	0	2	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	2	0	0	0	1
Virginia	2017	0	3	0	0	0	0	3
	2018	3	1	0	0	1	0	3
	2019	2	0	1	0	0	0	1
Washington	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Wisconsin	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	1	0	0	0	1
Totals	**2017**	**6**	**16**	**0**	**0**	**0**	**0**	**22**
	2018	**22**	**7**	**0**	**0**	**3**	**1**	**25**
	2019	**25**	**2**	**14**	**0**	**1**	**0**	**12**

(1) All numbers are as of December 31st of each year.

(2) Fourteen (14) units closed in 2018. The majority of the units were terminated due to non-payment of royalties and failure to cure default in timely matter, while some others ceased operations for personal reasons.

Table 4

STATUS OF COMPANY AND AFFILIATE-OWNED OUTLETS FOR YEARS 2017 TO 2019[(1)]

State	Year	Outlets at Start of Year	Outlets Opene d	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
	2019	0	0	0	0	0	0
Michigan	2017	12	0	0	0	0	12
	2018	12	0	0	0	0	12
	2019	12	0	0	0	0	12
South Carolina	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
Tennessee	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
	2019	0	0	0	0	0	0
Virginia	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
	2019	0	0	0	0	0	0
Totals	**2017**	**12**	**0**	**0**	**0**	**0**	**12**
	2018	**12**	**0**	**3**	**0**	**0**	**15**
	2019	**15**	**0**	**1**	**0**	**0**	**16**

(1) All numbers are as of December 31st of each year, except that the Outlets located in Michigan opened in January of 2008.

Table 5

PROJECTED OPENINGS AS OF December 31, 2020

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY AND AFFILIATE-OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	0	5	0
Colorado	0	2	0

Florida	0	4	0
Georgia	0	2	0
Indiana	0	2	0
Kentucky	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Virginia	0	2	0
Washington	0	1	0
TOTALS	**0**	**21**	**0**

A list of the names of all Franchisees as of December 31, 2019 and the addresses and telephone numbers of their DETAILXPERTS Businesses are listed as Exhibit D to this Disclosure Document. A list of the name, current business address and telephone number (or, if unknown, the last known home telephone number) of every Franchisee who has had a Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2019 or who has not communicated with us within 10 weeks of the date of this Disclosure Document is listed on Exhibit E to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees restricting their ability to speak openly about their experience with us or the DETAILXPERTS franchise program. During the last year, DETAILXPERTS entered into one agreements with a former franchisee that contained confidentiality restrictions (1 out of 12 franchisees, or 8.3% of our franchisees). The confidentiality restriction was signed as part of settlement of litigation.

In some instances, in the future, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with us or the DETAILXPERTS franchise program. You may wish to speak with current and former franchisees but be aware that not all such franchisees may be able to communicate with you.

No independent franchisee organizations have asked to be included in this Disclosure Document. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system that have been created, sponsored or endorsed by us.

ITEM 21

FINANCIAL STATEMENTS

The franchisor’s audited financial statements as of December 31, 2017, 2018, 2019 are attached as Exhibit F to the FDD.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B	Franchise Agreement
Exhibit C	Development Agreement
Exhibit H	State Addenda and Riders to Disclosure Document, Franchise Agreement and Other Agreements
Exhibit I	Nondisclosure and Noncompetition Agreement
Exhibit J	Closing Acknowledgement

ITEM 23

RECEIPTS

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one copy to be signed and returned to us).

State Effective Dates

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

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

State	**Effective Date**
California	Pending
Hawaii	Pending
Illinois	February 13, 2020
Indiana	September 22, 2019
Maryland	Pending
Michigan	May 1, 2019
Minnesota	September 3, 2019
New York	February 14, 2020
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	February 23, 2020
Washington	Pending
Wisconsin	September 3, 2019

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.

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of March 25, 2020.

EXHIBIT A
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
(866) 275-2677

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205
(866) 275-2677

1350 Front Street
San Diego, CA 92101
(619) 525-4044
(866) 275-2677

71 Stevenson Street, Suite 2100
San Francisco, CA 94105
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
(401) 222-3048

South Dakota

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

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission, Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

EXHIBIT B
(TO DISCLOSURE DOCUMENT)

California

California Commissioner of
Corporations
California Dept. of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Michigan Department of
Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of
Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

New York

Secretary of State
99 Washington Avenue
Albany, New York 12231

(518) 473-2492

North Dakota

North Dakota Securities
 Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of
 Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
 Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

South Dakota

Director of South Dakota Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Virginia

Clerk of the State Corporation
 Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of
 Financial Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin

Wisconsin Commissioner of
 Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, Wisconsin 53703
(608) 261-9555

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EXHIBIT B
(TO OFFERING CIRCULAR)

DETAILXPERTS FRANCHISE SYSTEMS, LLC

FRANCHISE AGREEMENT

Franchisee:______________________________________
Date:____
Office Location:__________________________________
____

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EXHIBITS

DETAILXPERTS FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made this ____ day of ________, 20____, by and between **DETAILXPERTS FRANCHISE SYSTEMS, LLC**, a Michigan Limited Liability Company, located at 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416 ("**Franchisor**") and ____, located at ____ ("**Franchisee**").

1. PURPOSE

1.1. The Franchisor has developed methods for establishing and operating businesses that sell mobile vehicle wash, detailing and related services ("**DETAILXPERTS Businesses**" or "**Businesses**") and which include the use and license of proprietary rights in certain valuable trade names, service marks and trademarks (the "**Marks**"), including the service mark "**DETAILXPERTS**," and the Franchisor's distinctive business methods, formats, procedures and techniques for the establishment, operation and promotion of DETAILXPERTS Businesses, related licensed methods of doing business and the steam cleaning equipment and methods (the "**Licensed Methods**").

1.2. The Franchisor grants others the right to develop and operate DETAILXPERTS Businesses, under the Marks and pursuant to the Licensed Methods.

1.3. The Franchisee desires to establish a DETAILXPERTS Business and the Franchisor desires to grant the Franchisee the right to operate a DETAILXPERTS Business under the terms and conditions which are contained in this Agreement.

2. GRANT OF FRANCHISE

2.1. **Grant of Franchise**. The Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, the non-exclusive right to use the Marks and Licensed Methods in connection with the establishment and operation of one DETAILXPERTS Business, in the Territory described in Article 3 of this Agreement. The Franchisee agrees to use the Marks and Licensed Methods, as they may be changed, improved, and further developed by the Franchisor from time to time, only in accordance with the terms and conditions of this Agreement.

2.2. **Scope of Franchise Operations**. The Franchisee agrees at all times to faithfully, honestly and diligently perform the Franchisee's obligations hereunder, and to continuously exert best efforts to promote the DETAILXPERTS Business in the Territory described in Section 3.2 below. The Franchisee agrees to utilize the Marks and Licensed Methods to operate all aspects of the Business franchised hereunder in accordance with the methods and systems developed and prescribed from time to time by the Franchisor, all of which are a part of the Licensed Methods. The Franchisee shall only sell DETAILXPERTS vehicle wash services and related products and services as the Franchisor shall designate.

3. OFFICE LOCATION AND PROTECTED TERRITORY

3.1. **Office Location**. The Franchisee is granted the right and franchise to own and operate one DETAILXPERTS Business from and through the office location as set forth in Exhibit I, attached hereto and incorporated herein by reference ("**Office Location**").

3.2. Protected Territory. The Franchisor shall designate an area encompassed by the boundaries described in Exhibit I ("**Territory**") within which the Franchisee must use its best efforts to market, advertise and solicit customers for the vehicle wash and related products and services designated by the Franchisor. The Franchisee shall not market or advertise in media whose exclusive circulation is outside the Territory. The Franchisee shall not solicit customers located outside the Territory including, without limitation, through alternative channels of distribution such as the Internet, except in accordance with the policies and procedures of the Franchisor and Section 12.7 (Electronic Advertising) set forth below, telemarketing or other direct marketing. The Franchisor does not grant the Franchisee any territorial rights, exclusive territory or any exclusive right to customers outside of the Territory.

3.3. Fixed Location. If the Franchisee determines to operate the Business, in whole or in part, from one or more fixed locations, such as a parking garage or other third-party operated location ("**Fixed Location**"), the Franchisee shall provide the Franchisor with written notice prior to the Franchisee commencing operations at the Fixed Location, which notice shall contain all information required by the Franchisor regarding the Fixed Location.. Except with the prior written consent of the Franchisor, which consent may be withheld in the sole discretion of the Franchisor, the Fixed Location shall be located within the Territory.

3.4. Limitation on Franchise Rights. In connection with the Franchisor's determination of the number of Vehicle Detailing Units operated by the Franchisee, the Franchisee shall provide the Franchisor all information requested by the Franchisor including, without limitation, the equipment utilized, locations of service and customers served, whether the DETAILXPERTS Business products and services are provided at a Fixed Location such as a parking garage ("**Fixed Vehicle Detailing Unit**"), whether such products and services are provided from or through use of a van or other vehicle which visits multiple locations ("**Mobile Vehicle Detailing Unit**") or whether such products and services are provided both at a Fixed Location and through use of a van or other vehicle which visits multiple locations.

3.5. No Relocation. The rights that are hereby granted to the Franchisee are for the specific Territory as stated above and cannot be transferred to an alternative Territory without the prior written approval of the Franchisor, which approval will not be unreasonably withheld. The Franchisee shall not be permitted to relocate the Office Location without the Franchisor's prior written consent which shall not be unreasonably withheld. It shall be deemed reasonable for the Franchisor to withhold its consent if the Franchisee wishes to locate the Office Location outside of the Territory.

3.6. National Accounts. The Franchisor may, from time to time, contract with "National Accounts" to provide vehicle wash services and other designated products and services. A "**National Account**" means a single customer that conducts its business for its own account or through agents, affiliates, dealerships, independent contractors or franchisees, in three or more locations, and who has a written contract with the Franchisor or its affiliates for the Franchisor's provision of DETAILXPERTS Business products and services. If the Franchisor or its affiliates contracts with a National Account which has a location in the Franchisee's Territory, the Franchisor, subject to its policies and procedures for referring National Accounts, will contact the Franchisee to provide it with an opportunity to provide such contracted for products and services at that location, on the terms and conditions agreed to by the Franchisor and the National Account. If the National Account location or customer is located in the Territory of two or more franchisees, the DETAILXPERTS Business products and services will not be provided at a Fixed Location, or if the National Account location or customer is located outside the Territory of any franchisee, the Franchisor shall refer the National Account location or customer in accordance with the then current procedures of the Franchisor for referring National Account locations and customers. The Franchisee agrees that it will respond to the Franchisor within 10 days and that it will comply with the terms and conditions negotiated by the Franchisor, if the Franchisee desires to provide such contracted for products and services at such location. If the Franchisee does not elect to provide such contracted for products and services to the National Account location in its Territory, the Franchisor, its affiliates, or designees, including other DETAILXPERTS franchisees, will have the right to provide such contracted for products and services at such location and the Franchisee shall have no rights to such National Account location during the pendency of the Franchisor's contract with the National Account, and the Franchisee shall not be entitled to receive any compensation or proceeds from anyone's provision of services or products to the National Account.

3.7. Franchisor's Reservation of Rights. The Franchisee expressly acknowledges that the franchise granted hereunder is nonexclusive and that the Franchisor and its affiliates retain the rights, among others, without compensation to the Franchisee: (1) to use, and to license others to use, the Marks and Licensed Methods for the operation of DETAILXPERTS Businesses at any location; (2) to use the Marks to identify promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution, at any location, including, but not limited to, such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing; (3) to contract with and provide products and services to National Accounts at any location, subject to the rights granted the Franchisee described in Section 3.6 above; (4) to use and license the use of alternative proprietary marks (i.e., trademarks dissimilar from the "DETAILXPERTS" Marks) in connection with the development and sale of products and services similar to or dissimilar from those which the Franchisee will sell, whether in alternative channels of distribution including, without limitation, the Internet, catalog sales, telemarketing, or other direct marketing, or in connection with the operation of businesses which are the same as, or similar to, or different from DETAILXPERTS Businesses, at any location and on any terms and conditions as the Franchisor deems advisable, and without granting the Franchisee any rights therein; and (5) to engage in any activities not expressly prohibited by the Franchise Agreement.

4. INITIAL FRANCHISE FEE

4.1. Initial Franchise Fee. In consideration for the right to develop and operate one DETAILXPERTS Business in the Territory, the Franchisee agrees to pay to the Franchisor an initial franchise fee as of the date of execution of this Agreement and in the amount listed on and in accordance with the terms of the Addendum to this Agreement, attached hereto as Exhibit I. The Franchisee acknowledges and agrees that the initial franchise fee represents payment for the initial grant of the rights to use the Marks and Licensed Methods, that the Franchisor has earned the initial franchise fee upon receipt thereof and that the fee is under no circumstances refundable to the Franchisee after it is paid.

5. DEVELOPMENT OBLIGATIONS

5.1. Office Location and Office Equipment. The Franchisee shall operate its business from and through the Office Location. Except with the prior written consent of the Franchisor, the Office Location shall be located within the Territory. The Franchisee shall purchase or otherwise obtain for use at the Office Location office equipment, telecommunications equipment and supplies of a type and in an amount that complies with the minimum standards and specifications of the Franchisor. The Franchisee shall utilize a cellular telephone, and a land line at the Office Location, if desired, dedicated to the Business which shall be answered during regular business hours.

5.2. Vehicles, Equipment and Graphics. The Franchisee shall purchase, lease or otherwise obtain for use in connection with the Business, vehicles which comply with the Franchisor's standards and specifications for vehicle type, color, condition and capability, as well as equipment and graphics for the vehicles which also comply with the standards and specifications of the Franchisor. The Franchisee shall maintain the vehicles in accordance with the standards and specifications described in the Operations Manual.

5.3. **Location Referral**. If the Franchisor refers a location to the Franchisee to provide vehicle wash services and related products and services to customers, such as a parking garage or other third-party operated location, the Franchisee shall pay to the Franchisor a location referral fee ranging from $0 to a maximum of $3,000 within five days after the Franchisee accepts the location referral. The Franchisor does not guarantee and the Franchisee acknowledges that the Franchisee may not have any National Account locations or other suitable fixed locations in the Franchisee's Territory from which to operate the Franchisee's Business, that the terms and conditions of use of any National Account location or other third-party location will be acceptable to the Franchisee, or that the Franchisor's or the Franchisee's relationship with the National Account or operator of a third-party location will be of any particular duration to allow the Franchisee to operate at the location for any specific amount of time. The Franchisee acknowledges that any National Account contract or other relationship with a third-party that operates a fixed location may be terminated or not renewed by the Franchisor or the third party operator of the location, any agreement or relationship may expire, the terms and conditions of the agreement or relationship may be modified or otherwise changed by the Franchisor or by the third-party operator of the location, or the location may otherwise be lost.

5.4. **Vehicle Detailing Unit**. The Franchisee shall purchase, lease or license from the Franchisor or other sources designated by the Franchisor, not later than 30 days prior to the commencement of operations of the DETAILXPERTS Business proprietary steamers, DETAILXPERTS cleaning solution and other vehicle wash and detailing equipment, supplies and items designated by the Franchisor ("**Vehicle Detailing Unit**"). The Franchisee shall purchase from the Franchisor or other sources designated by the Franchisor any additional Vehicle Detailing Unit(s) that the Franchisee desires to utilize in the Business. The cost and content of the Vehicle Detailing Unit may vary during the term of this Agreement.

5.5. **Computer and Software**. The Franchisee shall acquire for the Business a laptop computer (with wireless capability), a high quality color printer and such other computer equipment that the Franchisor may designate from time to time and which meets the Franchisor's standards and specifications. The Franchisee shall purchase and use operations, accounting and other software which is consistent with the standards and specifications of the Franchisor and that is obtained only from suppliers designated or approved by the Franchisor. The Franchisee shall install, configure and integrate the laptop computer and software and other technology systems in accordance with the standards and specifications of the Franchisor. The Franchisee shall be responsible for all maintenance and update costs associated with the computer hardware and software. The Franchisor reserves the right to: (i) require on 30 days notice that the Franchisee purchase, install and implement computer software updates and revisions for use in the operation of the DETAILXPERTS Business; (ii) require that the Franchisor shall be given reasonable access to information and data regarding the DETAILXPERTS Business by computer modem, internet connection or by other means; (iii) develop its own proprietary software or other technology for use in DETAILXPERTS Businesses and charge the Franchisee a licensing or other fee for such software or other technology; (iv) derive revenue from computer software or other technology maintenance and upgrade fees in the event the Franchisor develops its own proprietary software or other technology for use in DETAILXPERTS Businesses; and (v) require that the Franchisee participate in all credit card or other payment, electronic data capture, maintenance and warranty, electronic or other communication service or other similar programs that the Franchisor deems mandatory. The Franchisor agrees that the Franchisee's cost to upgrade its laptop computer and/or purchase any single software update will not exceed $1,500 in any calendar year provided, however, that such amount shall be annually increased by the percentage increase in the Consumer Price Index, to be effective on January 1st of each year.

5.6. **Permits and Licenses**. The Franchisee shall obtain and maintain all appropriate permits and business licenses, including but not limited to, valid driver's licenses for all drivers and current vehicle registrations for the vehicle(s) used in the Business, as may be required for the lawful operation of the DETAILXPERTS Business.

5.7. **Commencement of Operations**. The Franchisee shall commence operation of the DETAILXPERTS Business not later than 90 days after the date of this Agreement. For purposes of this Agreement, the "**Commencement Date**" of the Franchisee's Business shall be the day the Franchisee first provides the vehicle wash services, after completion of the initial training program. The Franchisor will extend the time in which the Franchisee has to commence operations for a reasonable period of time in the event factors beyond the Franchisee's reasonable control prevent the Franchisee from meeting this development schedule, so long as the Franchisee has made reasonable and continuing efforts to comply with such development obligations and the Franchisee requests, in writing, an extension of time in which to have its DETAILXPERTS Business established before such development period lapses. The Franchisee shall apply for this extension before the commencement of operations deadline expires. The Franchisee shall operate the Business without interruption following the Commencement Date.

6. TRAINING

6.1. **Initial Training Program**. The Franchisee or, if the Franchisee is not an individual, the person designated by the Franchisee to assume primary responsibility for the management of the DETAILXPERTS Business, ("**Principal Manager**") is required to attend and successfully complete the initial training program which is offered by the Franchisor, at the Franchisor's headquarters or at another location designated by the Franchisor. Two individuals are eligible to participate in the Franchisor's initial training program. The Franchisee will be responsible for any and all travel and living expenses incurred in connection with attendance at the training program. The Franchisee or the Principal Manager must successfully complete the initial training program before the Business begins operating. The initial training program includes classroom and hands-on training provided prior to the commencement of the Business at the Franchisor's headquarters in Chattanooga, Tennessee and/or at another location specified by the Franchisor. The Franchisor may waive all or a portion of the initial training if the Franchisor determines in its sole discretion that the Franchisee is sufficiently experienced.

6.2. **Follow-up Assistance**. If the Franchisee is opening its first DETAILXPERTS Business, the Franchisor also provides up to two days of on-the-job follow-up assistance in the Territory, beginning after commencement of the Business ("**Follow-up Assistance**").

6.3. **Length of Training**. The initial training program will consist of up to 40 hours of classroom and on-the-job training at the Franchisor's headquarters or at another location designated by the Franchisor and up to two days of Follow-up Assistance in the Territory.

6.4. **Additional Training**. From time to time, the Franchisor may present seminars, conventions or continuing development programs or conduct meetings for the benefit of the Franchisee. The Franchisee or its Principal Manager will be required to attend any ongoing mandatory seminars, conventions, programs or meetings as may be offered by the Franchisor. The Franchisor will give the Franchisee at least 30 days prior written notice of any ongoing seminar, convention, program or meeting which is deemed mandatory. The Franchisor will not require that the Franchisee attend any ongoing training more often than two times a year. The Franchisor reserves the right to charge a tuition or fee for this training. In addition, the Franchisee will be responsible for all travel and living expenses which are associated with attendance at the same.

7. DEVELOPMENT ASSISTANCE

7.1. Franchisor's Development Assistance. The Franchisor or its affiliate(s) will provide the Franchisee with the following assistance in the initial establishment of the Franchisee's first DETAILXPERTS Business:

a. Designate the Franchisee's Territory;

b. Provide the initial training program for up to two individuals (the Franchisor charges a training fee for additional attendees) at the Franchisor's headquarters in Chattanooga, Tennessee or at another location designated by the Franchisor;

c. Provide the Franchisee with advice regarding the selection of suppliers of items and supplies used in connection with the Franchisee's DETAILXPERTS Business. The Franchisor will provide the Franchisee with a list of approved suppliers, if any, of such items and, if available, a description of any national or central purchase and supply agreements offered by such approved suppliers for the benefit of DETAILXPERTS franchisees;

d. Loan the Franchisee one copy of the Franchisor's confidential and proprietary Operations Manual in accordance with Article 8 below; and

e. Provide assistance with the Franchisee's initial promotional and marketing campaign, including production of the requisite advertising materials to conduct the initial promotional and marketing campaign, which materials will be made available for the Franchisee's purchase.

8. OPERATIONS MANUAL

8.1. Operations Manual. The Franchisor agrees to loan to the Franchisee one copy of its manuals, technical bulletins or other written materials (collectively referred to as "**Operations Manual**") in hard copy or electronic form covering certain standards and specifications and operating techniques and procedures that the Franchisor requires the Franchisee to utilize in operating the DETAILXPERTS Business. The Operations Manual is incorporated into this Agreement by reference. The Franchisee agrees that it will comply with the Operations Manual as an essential aspect of its obligations under this Agreement and failure by the Franchisee to substantially comply with the Operations Manual may be considered by the Franchisor to be a breach of this Agreement. Only one copy of the Operations Manual shall be loaned to the Franchisee.

8.2. Confidentiality of Operations Manual Contents. The Franchisee shall use the Marks and Licensed Methods only as specified in the Operations Manual. The Operations Manual is the sole property of the Franchisor and shall be used by the Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. The Franchisee shall not duplicate the Operations Manual nor disclose its contents to persons other than its employees or officers who have signed a confidentiality and non-competition agreement in a form approved by the Franchisor. The Franchisee shall return the Operations Manual to the Franchisor upon the expiration, termination or assignment of this Agreement.

8.3. Changes to Operations Manual. The Franchisor reserves the right to revise the Operations Manual from time to time as it deems necessary to update operating techniques or standards and specifications. The Franchisee, within 30 days of receiving any updated information, will in turn update its copy of the Operations Manual as instructed by the Franchisor and will conform its operations with the updated provisions within a reasonable time thereafter. The Franchisee acknowledges that a master copy of the Operations Manual maintained by the Franchisor at its principal office will be controlling in the event of a dispute relative to the content of any Operations Manual. The Franchisee acknowledges that a DETAILXPERTS Business is dynamic, and customer demands, new technology and other factors may lead to changes in the nature and scope of the Business over time.

9. OPERATING ASSISTANCE

9.1. Franchisor's Services. The Franchisor or its affiliates shall, during the Franchisee's operation of the DETAILXPERTS Business, make available the following services to the Franchisee:

a. If the Franchisee is opening its first Business, provide up to two days of follow-up, on-the-job assistance in the Franchisee's Territory, after commencement of Business operations.

b. Upon the reasonable request of the Franchisee, consultation by telephone, facsimile or electronic mail, regarding the continued operation and management of the DETAILXPERTS Business.

c. Provide on-going updates of information and programs regarding the DETAILXPERTS Business and related Licensed Methods, including, without limitation, information about special or new products or services which may be developed and made available to DETAILXPERTS franchisees.

d. Train or certify replacement or additional Principal Managers of the Franchisee during the term of this Agreement. The Franchisor reserves the right to charge a tuition or fee in an amount payable in advance, commensurate with the Franchisor's then current published prices for such training. The Franchisee will be responsible for all travel and living expenses incurred by its personnel during the training program. Further, the availability of the training program will be subject to prior commitments to new DETAILXPERTS franchisees and will be scheduled on a space-available basis.

e. Provide the Franchisee with access to advertising and promotional materials that the Franchisor may but is not required to develop. The Franchisor may, at its option, pass the cost of the advertising and promotional materials on to the Franchisee or charge the Advertising Fund.

f. Make available for purchase from the Franchisor or a designated supplier the Vehicle Detailing Unit for the operation.

9.2. Additional Franchisor Services. Although not obligated to do so, the Franchisor may make its employees or designated agents available to the Franchisee for on-site advice and assistance in connection with the on-going operation of the DETAILXPERTS Business governed by this Agreement. In the event that the Franchisee requests such additional assistance and the Franchisor agrees to provide the same, the Franchisor reserves the right to charge the Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of the Franchisee, which fee will be charged in accordance with the then current hourly rates being charged by the Franchisor for assistance.

10. FRANCHISEE'S OPERATIONAL COVENANTS

10.1. Business Operations. The Franchisee acknowledges that it is solely responsible for the successful operation of its DETAILXPERTS Business and that the continued successful operation thereof is, in part, dependent upon the Franchisee's compliance with this Agreement and the Operations Manual. In addition to all other obligations contained herein and in the Operations Manual, the Franchisee covenants that:

a. **Quality of Operations**. The Franchisee shall maintain consistently prompt, courteous, efficient and high quality DETAILXPERTS Business operations and will operate the Business in accordance with the Operations Manual and in such a manner as not to detract from or adversely reflect upon the name and reputation of the Franchisor and the goodwill associated with the "DETAILXPERTS" name and Marks.

b. **Compliance with Laws and Good Business Practices**. The Franchisee shall conduct itself and operate its DETAILXPERTS Business in compliance with all applicable local, state and federal laws and regulations, including any environmental laws that may apply, licensing and registration requirements, regulations and other ordinances and in such a manner so as to legally comply therewith and to promote a good public image in the business community. In connection therewith, the Franchisee shall be solely and fully responsible for obtaining any and all licenses and certifications to carry on the DETAILXPERTS Business. The Franchisee shall immediately forward to the Franchisor copies of all health, environmental agency, licensing agency and other federal, state or local entity or agency warnings, notices of deficiency or non-compliance, reports of inspections and other documents indicating that the Franchisee has not met or maintained the highest governmental standards, and any material written complaints, notices or copies of adversarial proceedings, as and when such reports, notices and documents become available. The Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws and regulations.

c. **Management**. The Franchisee acknowledges that proper management of the DETAILXPERTS Business is important and shall ensure that the Franchisee or Principal Manager who has completed the Franchisor's initial training program be responsible for the management of the DETAILXPERTS Business.

d. **Approved products and Services**. The Franchisee acknowledges that the franchise granted hereunder authorizes the Franchisee to offer only vehicle wash services utilizing the designated steam cleaning equipment and other Licensed Methods and other authorized products and services. The Franchisee shall offer all types of products and services as from time to time may be prescribed by the Franchisor. The Franchisee shall not: (1) offer any other types of products or services; or (2) operate or engage in any other type of business or profession, from or through the Franchisee entity or the Office Location used to operate the DETAILXPERTS Business, unless the Franchisee obtains the Franchisor's prior written consent.

e. **Payment of Obligations**. The Franchisee shall promptly pay when due all taxes and other obligations owed to the Franchisor, its affiliates and to third parties in the operation of the DETAILXPERTS Business, including without limitation, unemployment and sales taxes, and any and all accounts or other indebtedness of every kind incurred by the Franchisee in the conduct of the DETAILXPERTS Business. The Franchisee shall prepare and file all required sales tax returns. If the Franchisee has a bona fide dispute as to the liability for taxes assessed or other indebtedness, the Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will the Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor to occur against the DETAILXPERTS Business.

f. **Other Agreements**. The Franchisee shall comply with all agreements with third parties related to the DETAILXPERTS Business including, in particular, all provisions of any supplier agreement, leases for vehicles and equipment used in the Business, National Account contracts and other agreements.

g. **Ownership of Business**. The Franchisee shall at all times during the term of this Agreement own and control the DETAILXPERTS Business authorized hereunder. Upon request of the Franchisor, the Franchisee will promptly provide satisfactory proof of such ownership to the Franchisor. The Franchisee represents that the Statement of Ownership, attached hereto as Exhibit III and by this reference incorporated herein, is true, complete, accurate and not misleading, and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the DETAILXPERTS Business is held by the Franchisee. The Franchisee will promptly provide the Franchisor with a written notice if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained in Article 16 herein. In addition, if the Franchisee is an entity, all of the shareholders, partners, members and other owners of the Franchisee shall sign the Guaranty attached hereto as Exhibit II.

h. **Hours of Operation**. The Franchisee shall at all times during the term of this Agreement operate its DETAILXPERTS Business during the business hours and provide products and services according to the schedules as may be designated by the Franchisor from time to time. The Franchisee shall maintain sufficient inventory, equipment and supplies and employ adequate personnel at all times so as to operate the Business at its maximum capacity and efficiency.

i. **Employees**. The Franchisee and all employees of the Franchisee shall present a professional appearance as described in the Operations Manual, and shall render competent and courteous service to customers of the Business. The Franchisee, at the Franchisee's expense, shall purchase specified uniforms described in the Operations Manual from suppliers designated or approved by the Franchisor.

j. **Training of Employees**. The Franchisee shall be responsible for training all of its employees who work in any capacity in the Business and shall be fully responsible for all employees' compliance with the operational standards which are part of the Licensed Methods. The Franchisee must conduct its employee training according to the standards as may be prescribed by the Franchisor. The Franchisor reserves the right to require that all persons that operate a Vehicle Wash Unit complete and pass an initial training program conducted by the Franchisor or in accordance with the standards and specifications of the Franchisor prior to operating a Vehicle Wash Unit.

k. **Replacement of Vehicle(s) and Equipment**. The Franchisee shall refurbish, remodel or replace, at its own expense, the vehicles and equipment used by the Franchisee in the operation of the Business, when reasonably required by the Franchisor in order to comply with the image, standards of operation and performance capabilities established by the Franchisor from time to time. If the Franchisor changes its image or standards of operation, it shall give the Franchisee a reasonable period of time within which to comply with such changes.

10.2. Equipment and Supplies. The Franchisee shall, during the term of the Franchise Agreement, maintain a sufficient inventory of supplies and purchase sufficient designated equipment to allow it to meet customer demands for the vehicle wash services and related products and services provided by a DETAILXPERTS Business and in compliance with the Franchisor's standards and specifications as may be described in the Operations Manual from time to time. The Franchisee agrees to purchase from the Franchisor, its affiliates or designated suppliers any or all of the equipment and supplies required for the Franchisee's operation of the Business, as may be offered for sale by the Franchisor, its affiliates or designated suppliers from time to time. The prices and terms of such purchase shall be those that are established and published by the Franchisor, its affiliates or designated suppliers from time to time.

10.3. Limitations on Supply Obligations. The delivery of equipment and supplies by the Franchisor, its affiliates or its authorized suppliers is subject to and conditioned upon availability. The Franchisor, its affiliates and suppliers shall not be liable to the Franchisee for any damages including, without limitation, loss of profits caused by production failures, strikes, labor disturbances, inability or delay in obtaining raw materials or other supplies, floods, fires, accidents, wars or other causes or conditions beyond the control of the Franchisor, its affiliates and suppliers. Except as otherwise set forth in this Agreement, nothing in this Agreement shall be construed by the Franchisee to be a promise or guarantee by the Franchisor as to the continued existence of any particular equipment or any supplies. No provision herein shall imply or establish an obligation on the part of the Franchisor, its affiliates and authorized suppliers to sell equipment and supplies to the Franchisee if the Franchisee is in arrears on any payment to the Franchisor, its affiliates and suppliers or otherwise in default under this Agreement. The Franchisor and its affiliates may require payments for equipment and supplies to be made at the time of order or in cash on delivery ("**COD**"). If the Franchisee is in arrears on any payment owed to the Franchisor or its affiliates, is in default under this Agreement or is otherwise not in compliance with the terms and conditions imposed by the Franchisor or its affiliates for the purchase of any equipment or supplies, the Franchisor or its affiliates may discontinue the sale of any equipment and supplies or other items to the Franchisee and may refuse to deliver equipment and supplies and other items not yet paid for to the Franchisee. The return of equipment and supplies shall be subject to the Franchisor's then current return policy.

10.4. **No Warranties**. THE FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY OF THE ITEMS PURCHASED BY THE FRANCHISEE.

10.5. **Changes in Equipment and Supplies**. The Franchisee understands that the Franchisor, its affiliates and suppliers shall have the right, at any time and without notice, to add items to, or withdraw items from, the list of items sold to change the formulation of any items; and to change the prices, discounts or terms of sale of any items sold; provided, however, no such changes in prices, discounts or terms shall affect accepted orders pending with the Franchisor and its affiliates at the time of change. No such changes will give the Franchisee the right to recover damages against, or be reimbursed by, the Franchisor and its affiliates for any losses suffered by the Franchisee.

11. ROYALTIES

11.1. **Monthly Royalty**. The Franchisee shall pay to the Franchisor a monthly royalty ("**Royalty**") equal to 6% of the total amount of its "Gross Sales" (defined in Section 11.2 below), generated from or through its all gross sales earned each month; or $500, whichever is greater.

Payment of the Royalty by the Franchisee shall commence the earlier of the first full month after the month in which the Franchisee completes the Franchisor's initial training program or three months from the date of this Agreement.

11.2. "Gross Sales" shall mean and include the aggregate amount of all sales of products, services or merchandise of every kind or nature sold from, at or in connection with or arising out of the operation or conduct of business or, if the Franchisee is an entity, arising out of the operation or conduct of any business by such entity, including sales made at or away from the Office Location, whether for cash or credit,: (i) federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authority; (ii) discounts; and (iii) other exclusions as may be authorized in writing by the Franchisor.

The Royalty set forth above in this Section 11.1 is subject to the increases set forth in Section 11.3 below.

11.3. **Royalty Increases**. The Franchisor shall not have the right to adjust the amount of the Franchisee's Royalty set forth in Section 11.1 during the term of this Agreement.

11.4. **Royalty and Other Payments**. The Franchisee agrees that Royalty payments shall be paid monthly and received by the Franchisor by credit card or electronic funds transfer no later than the first business day of each month ("**Due Date**"). The Franchisor has the right to invoice the Franchisee for Royalties owed. Upon the request of the Franchisor and in no event later than ten (10) days prior to the opening of the Business, the Franchisee shall execute, at the option of the Franchisor, one or both of the following: (i) an Authorization Agreement for preauthorized payments due to the Franchisor by electronic transfer of funds from the Franchisee's bank account to the Franchisor's bank account, in the form attached to this Agreement as Exhibit IV and (ii) a credit card payment authorization, a copy of which is attached hereto as Exhibit V, authorizing the Franchisor to charge the credit card of the Franchisee for amounts owed by the Franchisee to the Franchisor. The Franchisor may require the Franchisee to pay Royalties and other amounts due under this Agreement by means other than automatic debit or credit card whenever the Franchisor deems appropriate, and the Franchisee agrees to comply with the Franchisor's payment instructions. On the Due Date of each month, the Franchisee shall report to the Franchisor by telephone, electronic means or in written form, as may be reasonably directed by the Franchisor, in a manner more fully described in Section 15.1, with such information and pursuant to such standard transmittal procedures regarding such information as may be requested by the Franchisor. In the event that the Franchisee fails to have sufficient funds in its account, maintain the validity of the credit card on file with the Franchisor or otherwise fails to pay any Royalties due as of the Due Date, the Franchisee shall owe, in addition to such Royalties, a $50.00 late fee to be automatically assessed and debited or paid along with the late debit or payment of Royalties. In addition, the Franchisor shall have the right to charge interest on any payments made after the Due Date at the highest applicable legal rate for open account business credit, not to exceed 1½% per month. The Franchisee acknowledges that this Section 11.4 shall not constitute the Franchisor's or its affiliates' agreement to accept such payments after they are due or a commitment to extend credit to or otherwise finance operation of the Business. In no event shall the Franchisee be required to pay a late payment and/or interest at a rate greater than the maximum interest rate permitted by applicable law.

11.5. Interest and Late Charges. If the Franchisor or its affiliates sell or license products, supplies or equipment to the Franchisee, the Franchisee shall pay the Franchisor or its affiliates in a timely manner for products, supplies or equipment purchased or licensed by such manner of payment as may be established from time to time by the Franchisor or its affiliates. If the Franchisee fails to pay for any product, supply or equipment purchase or license within five days after they are due, Franchisee will pay interest at the rate of 18% per annum on any amount past due until such amount is paid in full; provided, however, in no event will the Franchisee be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law.

11.6. Application of Payments. Notwithstanding any designation by the Franchisee, the Franchisor shall have sole discretion to apply any payments made to the Franchisor or its affiliates by the Franchisee, and any credits received by the Franchisor on the Franchisee's behalf from third party vendors, to any of the Franchisee's past due indebtedness to the Franchisor or its affiliates for purchases or licenses from the Franchisor or its affiliates, interest or any other indebtedness. The Franchisee acknowledges that the Franchisor has the right to set-off any amounts the Franchisee may owe to the Franchisor against any amounts the Franchisor might owe to the Franchisee.

11.7. Electronic Funds Transfer; Credit Card Payment Authorization. The Franchisee authorizes the Franchisor and its affiliates to initiate debit entries and credit correction entries to the Franchisee's checking, savings or other account for the payment of Royalties, Advertising Contributions, interest, late charges, the purchase of equipment and supplies and any other amounts due from the Franchisee under this Agreement or otherwise. In addition, the Franchisee authorizes the Franchisor to charge the credit card of the Franchisee for amounts owed to the Franchisor or its affiliates under this Agreement or otherwise including, without limitation, amounts owed for the purchase of equipment or supplies from or through the Franchisor or its affiliates, Royalties, Advertising Contributions, interest and late charges and other fees and charges. Within five days of receipt of a written request from the Franchisor, the Franchisee shall execute and return to the Franchisor an additional credit card payment authorization form with new credit card information or otherwise to ensure the credit card authorization form is current and valid. The Franchisor may require the Franchisee to pay Royalties, Advertising Contributions and other amounts due under this Agreement or otherwise by means in addition to or other than electronic funds transfer or pre-authorized credit card and the Franchisee agrees to comply with the Franchisor's payment instructions.

12. ADVERTISING

12.1. Approval and Use of Advertising. The Franchisee shall obtain the Franchisor's prior written approval of all written advertising or other marketing or promotional programs not previously approved by the Franchisor regarding the Business, including, without limitation, "Yellow Pages" advertising, newspaper ads, flyers, brochures, coupons, direct mail pieces, telemarketing, specialty and novelty items, radio and television advertising and subject to Section 12.7 below, Internet "web" pages and other home pages or domain names on any common carrier electronic delivery system. Any proposed written advertising or a description of a marketing or promotional program not previously approved by the Franchisor shall be submitted to the Franchisor at least 20 days prior to publication, broadcast or use. The Franchisee acknowledges that advertising and promoting the Business in accordance with the Franchisor's standards and specifications is an essential aspect of the Licensed Methods, and the Franchisee agrees to comply with all advertising standards and specifications. The Franchisee also agrees to participate in any promotional campaigns and advertising and other programs that the Franchisor periodically establishes.

12.2. Initial Marketing Campaign. The Franchisee shall conduct an initial promotional and marketing campaign for the Business at a time and in the manner agreed to by the Franchisor and the Franchisee and in the amount specified by the Franchisor in Exhibit I to this Agreement. The Franchisee agrees to provide the Franchisor with a summary of initial promotional and marketing campaign expenditures within 30 days after completion of the campaign. The Franchisee's initial promotional and marketing campaign will utilize the marketing and public relations programs and media and advertising materials that the Franchisor has either developed or approved.

12.3. **Advertising Contribution**. The Franchisee agrees to pay to the Franchisor, in addition to Royalties, an advertising fee ("**Advertising Contribution**"). The amount of the monthly Advertising Contribution shall be an amount equal to two percent (2%) of the amount of monthly gross sales as defined in Section 11.2. The Advertising Contribution shall be in addition to and not in lieu of the Franchisee's Local Advertising Allocation. The following terms and conditions will apply to the Advertising Contribution payment:

a. The Advertising Contribution shall be payable monthly, concurrently with and in the same manner as the payment of the Royalties. Any Advertising Contribution collected by the Franchisor will be deposited by the Franchisor in one or more separate accounts (referred to collectively as the "**Fund**"), all designated as "**DETAILXPERTS Advertising Fund**." The Advertising Contributions will be subject to the same late charges as the Royalties. Upon written request by the Franchisee, the Franchisor will make available to the Franchisee, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Fund which indicates how deposits to the Fund have been spent. The Franchisor has the right to deposit into the Fund any advertising, marketing, or similar allowances paid by suppliers who deal with DETAILXPERTS Businesses, in the Franchisor's sole discretion. Any DETAILXPERTS Business that the Franchisor or its affiliates own will contribute to the Fund on the same basis as the Franchisees.

b. The Fund will be administered by the Franchisor and may be used for creation, production and placement of media advertising, video and audio advertising, direct response literature, direct mailings, brochures, collateral advertising material, television and radio advertising, supporting public relations, market research and surveys of advertising effectiveness, agency costs and commissions or other advertising or public relations expenditures relating to advertising and marketing DETAILXPERTS Business services and products, providing professional services, materials, and personnel to support the marketing function, employing advertising agencies, administering regional advertising programs, and creating, producing, implementing and maintaining websites and other electronic advertising for the Franchisor and/or its Franchisees and creating and maintaining customer loyalty programs. The Franchisor may reimburse itself and its affiliates for administrative costs, salaries, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and other reasonable direct and indirect expenses incurred by the Franchisor or its authorized representatives in connection with the programs funded by the Fund. The Franchisor will not be liable for any act or omission that is consistent with this Agreement and is done in good faith. The Franchisor may spend in any fiscal year an amount greater or less than the aggregate contribution of all Businesses to the Fund in that year, and the Fund may borrow from the Franchisor or others to cover deficits or to invest in any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. The Franchisor may cause the Fund to be incorporated or operated through a separate entity, at such time as the Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties of the Franchisor with respect to the Fund as specified in this Section. The Franchisor undertakes no obligation to ensure that the Fund benefits each Business in proportion to its respective contribution. The Fund's primary purpose is to promote sales by the entire DETAILXPERTS system and to build brand identity. The Franchisee agrees to participate in any promotional campaigns and advertising and other programs that the Fund periodically establishes.

12.4. **Local Advertising**. The Franchisee agrees to spend not less than an amount equal to two percent (2%) of the amount paid by the Franchisee as the monthly gross sales each month on average during each six month period for local advertising ("**Local Advertising Allocation**"). The Franchisee shall prepare and submit a report to the Franchisor which accounts for the use of the Local Advertising Allocation no later than January 15th and July 15th of each year during the term of this Agreement. The Franchisor reserves the right to reallocate all or any portion of the Local Advertising Allocation to Regional Advertising (defined and described in Section 12.5 below), in which case the Franchisor shall provide the Franchisee with 30 days prior written notice of the reallocation.

12.5. Regional Advertising Programs. The Franchisor reserves the right, upon 30 days prior written notice to the Franchisee, to create a regional advertising association ("**Co-op**") for the benefit of DETAILXPERTS franchisees located within a particular geographic area. If a Co-op is established for the area where the Franchisee is located, the Franchisee will be required to participate in the Co-op for the purpose of selecting and participating in regional marketing and promotion programs for DETAILXPERTS Businesses. The Franchisor, in its sole discretion, may contribute all or a portion of the Advertising Contributions received by the Franchisor from franchisees in the Co-op for such marketing and advertising programs. In addition, the Franchisor shall have the right to require, in its sole discretion, that the Franchisee allocate all or a portion of the Local Advertising Allocation required by Section 12.4 above to the Co-op. The Franchisee will be required to remain a member of and be bound by the decisions of the majority of the members of the Co-op regarding expenditures, assessments and dues of the Co-op, to the extent that they are approved by the Franchisor. Subject to the Franchisor's prior approval, each Co-op has the right, by majority vote, to require its members to pay monthly dues to the Co-op not to exceed the amount of the Franchisee's Local Advertising Allocation. The failure of the Franchisee to participate in the Co-op or pay any dues required by the Co-op, may, at the option of the Franchisor, be deemed to be a breach of this Agreement. The Franchisor has the right, in its sole discretion, to determine the composition of all geographic territories and market areas for the implementation of any regional advertising and promotion campaigns and to require that the Franchisee participate in such regional advertising programs as and when they may be established by the Franchisor. If a Co-op is implemented on behalf of a particular region by the Franchisor, the Franchisor, to the extent reasonably calculable, shall require that only contributions from DETAILXPERTS franchisees within such region be redirected to the Co-op or for the particular regional advertising program.

12.6. Advertising Materials. The Franchisor may, but is not obligated to, periodically create, develop, prepare and/or produce marketing and advertising materials for use by its franchisees. The Franchisor reserves the right to charge a fee for the cost of such materials to the Advertising Fund or directly to the Franchisee.

12.7. Electronic Advertising. The Franchisee shall not develop, create, distribute, disseminate or use any Internet advertising or website, or any multimedia, telecommunication, mass electronic mail or audio/visual advertising, promotional or marketing materials ("**Electronic Advertising**"), without the Franchisor's prior written consent, which consent may be withheld in the Franchisor's sole discretion. The Franchisor shall retain the exclusive right to develop and control the content of all Electronic Advertising for the DETAILXPERTS Businesses. The Franchisee acknowledges that the Franchisor shall own all Electronic Advertising related to the Marks and Licensed Methods. The Franchisor reserves the right, upon 30 days' prior written notice, to require the Franchisee to create, customize or provide access to any websites, telecommunications, audio/visual advertising, promotional or marketing material as part of the Electronic Advertising or otherwise to require the Franchisee to participate in any Electronic Advertising sponsored by the Franchisor. If the Franchisor permits or requires the Franchisee to develop any Electronic Advertising, the Franchisee shall do so in compliance with the Franchisor's policies and rules regarding the creation, maintenance, use and content of such Electronic Advertising as set forth in this Agreement, the Operations Manual or Electronic Advertising code of conduct that the Franchisor may develop, disseminate and modify from time to time. Any amounts that the Franchisee spends to participate in Electronic Advertising shall be credited toward the Franchisee's local advertising obligations.

13. QUALITY CONTROL

13.1. <u>Compliance with Operations Manual</u>. The Franchisee shall maintain and operate the DETAILXPERTS Business in compliance with this Agreement and the standards and specifications contained in the Operations Manual, as the same may be modified from time to time by the Franchisor.

13.2. <u>Standards and Specifications</u>. The Franchisor will make available to the Franchisee standards and specifications for the products and services offered at or through the DETAILXPERTS Business and for the equipment, vehicles, inventory policies, insurance, supplies, vehicle wash and other service methods, marketing and advertising techniques, marketing material, customer service standards, trademark graphics, employee attire, accounting and reporting procedures, forms, computer hardware and software and other items and services used in connection with the DETAILXPERTS Business. The Franchisor reserves the right to change standards and specifications for products and services offered at or through the DETAILXPERTS Business and for the equipment, vehicles, inventory policies, insurance, supplies, vehicle wash and other service methods, marketing and advertising techniques, marketing material, customer service standards, trademark graphics, employee attire, accounting and reporting procedures, forms, computer hardware and software and other items and services used in connection with the operation of the Business, upon 30 days prior written notice to the Franchisee. The Franchisee shall, throughout the term of this Agreement, remain in compliance with and strictly adhere to all of the Franchisor's current standards and specifications for the DETAILXPERTS Business as prescribed from time to time.

13.3. <u>Inspections</u>. The Franchisor will have the right to examine the Office Location, any Fixed Locations, and all vehicles used in the Business, including the equipment, supplies, inventory, products and materials, to ensure compliance with all standards and specifications set by the Franchisor. The Franchisor will conduct such inspections during regular business hours and the Franchisee may be present at such inspections. The Franchisor, however, reserves the right to conduct the inspections without prior notice to the Franchisee.

13.4. <u>Restrictions on Services and products</u>. The Franchisee is prohibited from offering or selling any services or products and from utilizing means of distribution or operation not authorized by the Franchisor. If the Franchisee proposes to offer, conduct or utilize any previously unauthorized products, services, equipment, materials or supplies for use in connection with or sale through the DETAILXPERTS Business, the Franchisee will first notify the Franchisor in writing requesting approval. The Franchisee shall reimburse the Franchisor for the actual cost of any testing and the reasonable cost of investigation to determine whether the proposed items meet the Franchisor's specifications. The Franchisor shall not unreasonably withhold approval of a supplier of the Franchisee's choosing, if the supplier meets the Franchisor's published standards and specifications. In order to make such determination, the Franchisor may require submission of specifications, information, or samples of such services, equipment, materials, items or supplies. The Franchisor will advise the Franchisee within 30 days whether such products, services, equipment, materials, items, or supplies meet its specifications; however, Franchisor's failure to respond within 30 days shall not be deemed approval. The Franchisor may continue from time to time to inspect any manufacturer's, supplier's, or distributor's facilities and products to assure proper production, processing, storing and transportation of equipment, products, services, supplies or materials to be purchased from the manufacturer, supplier or distributor by the Franchisee. Permission to conduct such inspections will be a condition of the continued approval of such manufacturer, supplier or distributor.

13.5. Approved Suppliers. The Franchisee will purchase all products, services, equipment, supplies and materials required for the operation of the DETAILXPERTS Business licensed herein, only from the Franchisor and its affiliates, from manufacturers, suppliers or distributors designated by the Franchisor or from such other suppliers who meet all of the Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who will adequately demonstrate their capacity and facilities to supply the Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation. The Franchisor reserves the right to designate from time to time, a single supplier for any products, services, equipment, supplies or materials and to require the Franchisee to use such a designated supplier exclusively, which exclusive designated supplier may be the Franchisor or its affiliates. The Franchisor and its affiliates may receive payments from suppliers on account of such suppliers' dealings with the Franchisee and other franchisees and may use all such amounts without restriction and for any purpose the Franchisor and its affiliates deem appropriate (unless the Franchisor and its affiliates agree otherwise with supplier).

14. MARKS, TRADE NAMES AND PROPRIETARY INTERESTS

14.1. Marks. The Franchisee hereby acknowledges that the Franchisor has the sole right to license and control the Franchisee's use of the DETAILXPERTS service mark and other of the Marks, and that the Marks will remain under the sole and exclusive control of the Franchisor. The Franchisee acknowledges that it has not acquired any right, title or interest in the Marks except for the right to use the Marks in the operation of its DETAILXPERTS Business as it is governed by this Agreement. The Franchisee shall obtain the Franchisor's prior written approval of all written materials which include any of the Marks, including but not limited to, advertising, marketing and promotional materials, signs, vehicle graphics and all items regarding the DETAILXPERTS Business. The Franchisee agrees not to produce or distribute any advertising, marketing or promotional materials without first obtaining the Franchisor's written consent. The Franchisee agrees not to use any of the Marks as part of an electronic mail address, or on any sites on the Internet or the World Wide Web and the Franchisee agrees not to use or register any of such Marks as a domain name on the Internet.

14.2. No Use of Other Marks. The Franchisee further agrees that no Mark other than "DETAILXPERTS" or such other Marks as may be specified by the Franchisor will be used in the promotion or operation of the DETAILXPERTS Business.

14.3. Licensed Methods. The Franchisee hereby acknowledges that the Franchisor owns and controls the distinctive business methods, format, procedures and techniques for the establishment, operation and promotion of the DETAILXPERTS Business and all related licensed methods of doing business, previously defined as the "**Licensed Methods**," which include, but are not limited to, DETAILXPERTS standards, specifications and techniques to sell and provide vehicle wash and other services and products, via van or other approved vehicle and at Fixed Locations operated by third parties, processes, advertising and marketing tools, technical equipment standards and specifications, the standards and specifications of supplies and other items, any proprietary software and software standards and specifications, product and supply standards, accounting and reporting systems, Operations Manual contents, customer relations and servicing and sales presentation techniques, the steam cleaning equipment and methods, all of which constitute trade secrets of the Franchisor, and the Franchisee acknowledges that the Franchisor has valuable rights in and to such trade secrets. The Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the DETAILXPERTS Business as it is governed by this Agreement.

14.4. Effect of Termination. In the event this Agreement is terminated for any reason, the Franchisee will immediately cease using any of the Licensed Methods, Marks, trade names, trade dress, trade secrets, copyrights or any other symbols used to identify the DETAILXPERTS Business, and all rights the

Franchisee had to the same will automatically terminate. The Franchisee agrees to execute any documents of assignment as may be necessary to transfer any rights the Franchisee may possess in or to the Marks to the Franchisor.

14.5. Trademark Infringement. The Franchisee agrees to notify the Franchisor in writing of any possible infringement or illegal use by others of a trademark the same as or confusingly similar to the Marks which may come to its attention. The Franchisee acknowledges that the Franchisor will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. The Franchisor may commence or prosecute such action in the Franchisor's own name or the name of its affiliates and may join the Franchisee as a party thereto if the Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and Licensed Methods. The Franchisor will bear the reasonable cost of any such action, including attorneys' fees. The Franchisee agrees to fully cooperate with the Franchisor and its affiliates in any such litigation.

14.6. Franchisee's Business Name. The Franchisee acknowledges that the Franchisor and its affiliates have a prior and superior claim to the DETAILXPERTS trade name. The Franchisee will not use either of the words "DETAILXPERTS" or any confusingly similar designation in the legal name of its corporation, limited liability company, partnership or any other business entity used in conducting the Business provided for in this Agreement. The Franchisee also agrees not to register or attempt to register a trade name using the word "DETAILXPERTS" in the Franchisee's name or that of any other person or business entity, without the prior written consent of the Franchisor. When this Agreement is terminated, the Franchisee will execute any assignment or other document the Franchisor requires to transfer to the Franchisor or its affiliates any rights the Franchisee may possess in a trade name utilizing the word "DETAILXPERTS" or any other Mark owned by the Franchisor or its affiliates. The Franchisee shall not identify itself as being "DETAILXPERTS Franchise Systems, LLC" or as being associated with the Franchisor in any manner other than as a franchisee or licensee. The Franchisee shall, in all signage and promotional materials, display its business name only in obvious conjunction with the phrase "DETAILXPERTS Licensee" or "DETAILXPERTS Franchisee" or with such other words and in such other phrases to identify itself as an independent owner of the Business, as may from time to time be prescribed in the Operations Manual.

14.7. Change of Marks. In the event that the Franchisor, in its sole discretion, determines it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, the Franchisee will, within a reasonable time after receipt of written notice of such a modification or discontinuation from the Franchisor, take such action, at the Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

14.8. Creative Ownership. All copyrightable works created by the Franchisee or any of its owners, officers or employees in connection with the Business shall be the sole property of the Franchisor. The Franchisee assigns all proprietary rights, including copyrights, in these works to the Franchisor without additional consideration. The Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Business, during the term of this Agreement, as the Franchisor may deem necessary in order to enable it, or its affiliates, at their expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to the Franchisor or its affiliates all right, title, and interest in said property. The Franchisee shall promptly disclose to the Franchisor all inventions, discoveries, improvements, creations, patents, copyrights, trademarks and confidential information relating to the Business which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, the Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Business, shall be deemed to be a part of the Licensed Methods and shall inure to the benefit of the Franchisor.

15. REPORTS, RECORDS AND FINANCIAL STATEMENTS

15.1. Franchisee Reports. The Franchisee shall maintain, at its own expense, bookkeeping, accounting and data processing systems which conform to the specifications which the Franchisor may prescribe from time to time. Each transaction of the Business will be processed in the manner prescribed by the Franchisor from time to time. The Franchisee will provide the Franchisor with electronic access to the data in its computers and other devices related to the Business at any time by obtaining and maintaining computer hardware, software and a high speed electronic network connection service which meets the Franchisor's standards and specifications. The Franchisee shall supply the Franchisor with such types of reports in a manner and form as the Franchisor may from time to time reasonably require, including:

a. Monthly sales, operations and other reports that the Franchisor may designate, in a form as may be prescribed by the Franchisor and sent by electronic transmission or other designated method to the Franchisor within 10 days of the end of each month;

b. Quarterly financial statements consisting of a quarterly profit and loss statement and balance sheet for the DETAILXPERTS Business, mailed to the Franchisor postmarked no later than the 30th day of the month following the end of each calendar quarter or electronically transmitted no later than the 30th day of each month after the end of each calendar quarter, based on operating results of the previous quarter, which will be submitted in a form approved by the Franchisor and will be certified by the Franchisee to be correct;

c. The Franchisee will, within 60 days after the end of its fiscal year, provide to the Franchisor annual unaudited financial statements, compiled or reviewed by an independent certified public accountant in good standing and, within 15 days of filing, state and federal income tax returns and state and local sales tax returns. If these financial statements or tax returns show an underpayment of any amounts owed to the Franchisor, these amounts will be paid to the Franchisor concurrently with the submission of the statements or returns; and

d. The Franchisee shall also provide copies of all other reports, financial statements and records reasonably requested by the Franchisor.

The Franchisor reserves the right to disclose data derived from such reports and information from databases, without identifying the Franchisee, except to the extent required by law. The Franchisee consents to the Franchisor obtaining financial and account information regarding the Business and its operations from third parties with whom the Franchisee does business, as and when deemed necessary by the Franchisor.

15.2. Verification. Each report and financial statement to be submitted to the Franchisor hereunder will be signed and verified by the Franchisee.

15.3. Books and Records. The Franchisee will maintain all books and records for its DETAILXPERTS Business in accordance with GAAP, consistently applied, and preserve these records for at least three years after the end of the fiscal year to which they relate.

15.4. Audit of Books and Records. The Franchisee will permit the Franchisor to inspect and audit the books and records of the DETAILXPERTS Business at any reasonable time, at the Franchisor's expense.

If any audit discloses a deficiency in amounts for payments owed to the Franchisor pursuant to this Agreement, then such amounts will become immediately payable to the Franchisor by the Franchisee, with interest from the date such payments were due at the lesser of 18% per annum or the maximum rate allowed by law. In addition, if the audit finds a deficiency of over $2,500 for payments owed to the Franchisor or its affiliates by the Franchisee, the audit resulted from the Franchisee's failure to submit reports to the Franchisor or the Franchisor's inability to collect Royalties for three consecutive months, or if the Franchisee has not cooperated with the Franchisor's inspection or audit, the Franchisee will pay all reasonable costs and expenses the Franchisor incurred in connection with such audit.

15.5. Failure to Comply with Reporting Requirements; Late Fee. If the Franchisee fails to prepare and submit any statement or report as required under this Article 15, then the Franchisor will have the right to treat the Franchisee's failure as good cause for termination of this Agreement. In addition to all other remedies available to the Franchisor, in the event that the Franchisee fails to prepare and submit any statement or report required under this Article 15 for three consecutive reporting periods, the Franchisor will be entitled to make an audit, at the expense of the Franchisee, of the Franchisee's books, records and accounts, including the Franchisee's bank accounts, which in any way pertain to the DETAILXPERTS Business. The statements or reports not previously submitted will be prepared by or under the direction and supervision of an independent certified public accountant selected by the Franchisor. If the Franchisee fails to prepare and timely submit any statement or report required under this Article 15, the Franchisor will also have the right to collect a late fee of $50 for each late statement or report. The Franchisee agrees that the late fee shall be deducted by electronic transfer of funds from the Franchisee's bank account, or paid via debit of Franchisee's credit card on file with the Franchisor, or shall be due and payable by the Franchisee upon demand by the Franchisor.

16. TRANSFER

16.1. Transfer by Franchisee. The franchise granted herein is personal to the Franchisee and, except as stated below, the Franchisee shall not transfer, assign, subfranchise or convey this Agreement or any interest hereunder nor purport to do so without the Franchisor's prior written consent which may be withheld in the Franchisor's reasonable discretion. The Franchisee acknowledges that prior to approving any transfer, the Franchisor may impose reasonable conditions on the Franchisee and its purported transferee including but not limited to those conditions listed in Section 16.2. As used in this Agreement, the term "**transfer**" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition by the Franchisee (or any of its owners) of any interest in: (1) this Agreement; (2) the ownership of the Franchisee; (3) the Business; (4) the Territory assigned to the Franchisee or (5) any assets of the Business. The term "transfer" shall include an assignment, sale, gift or other disposition, including those transfers described in Sections 16.5 and 16.7 and those resulting from a divorce, insolvency, corporate, limited liability company, or partnership dissolution proceeding, merger, change of control, by operation of law or, in the event of the death of the Franchisee, or an owner of the Franchisee by will, declaration of or transfer in trust or under the laws of intestate succession. For the purposes of this Article 16, "**change of control**" of a Franchisee that is an entity shall mean a transfer, new issuance or assignment of 25% or more of the Franchisee's beneficial equity ownership interests.

16.2. Pre-Conditions to Franchisee's Transfer. The Franchisee shall not engage in a transfer, as defined above in this Article, unless the Franchisee obtains the Franchisor's written consent and complies with the following requirements:

a. Payment of all amounts due and owing pursuant to this Agreement by the Franchisee to the Franchisor, the Franchisor's affiliates and to third parties holding a security interest in any asset of the Business;

b. Agreement by the proposed transferee to satisfactorily complete the initial training program described in this Agreement, which training may be completed by the transferee either prior to or immediately after the transfer;

c. Execution of a Franchise Agreement in a form then currently offered by the Franchisor, which shall supersede this Agreement in all respects. If a new Franchise Agreement is signed, the terms thereof may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional initial franchise fee;

d. Provision by the Franchisee of written notice to the Franchisor 30 days' prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer;

e. The proposed transferee shall have provided information to the Franchisor sufficient for the Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and the Franchisor shall have ascertained that the proposed transferee meets such qualifications;

f. Execution by the Franchisee of a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, members, managers, employees and agents;

g. Payment by the Franchisee or the proposed transferee of the greater of $5,000 or 25% of the then current initial franchise fee for the first franchise, which shall include initial training expenses incurred by the Franchisor to train the transferee; and

h. Agreement by the Franchisee to abide by the post-termination covenant not to compete set forth in Section 20.2 below.

16.3. Franchisor's Approval of Transfer. Provided the Franchisee provides the Franchisor with all information reasonably required for the Franchisor to evaluate the proposed transfer together with the Franchisee's written notice, the Franchisor has 30 days from the date of receipt of the written notice of the proposed transfer to approve or disapprove, in writing, the Franchisee's proposed transfer. The Franchisee acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new franchisees of the Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. The Franchisor shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Business. If the Franchisee (and/or the transferring owners) finances any part of the sale price of the transferred interest, unless waived in writing by the Franchisor, the Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the Business or the Office Location shall be subordinate to the transferee's obligations to pay Royalties and other amounts due to the Franchisor and its affiliates and to otherwise comply with this Agreement. If the Franchisee and the proposed transferee comply with all conditions for transfer set forth herein and the Franchisor has not given the Franchisee notice of its approval or disapproval within the 30 day period, approval is deemed granted. Franchisor's approval of one transfer does not constitute approval of any subsequent transfer.

16.4. Right of First Refusal. If the Franchisee wishes to engage in a transfer, as defined above in this Article, the Franchisee agrees to grant to the Franchisor a 30-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to the Franchisee by the proposed transferee; provided, however, the following additional terms and conditions shall apply:

a. The Franchisee shall notify the Franchisor of such offer by sending a written notice to the Franchisor (which notice may be the same notice as required by Section 16.2.d above), enclosing a copy of the written offer from the proposed transferee;

b. The 30-day right of first refusal period will run concurrently with the period in which the Franchisor has to approve or disapprove the proposed transferee;

c. Such right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new 30-day right of first refusal shall be given to the Franchisor;

d. If the consideration or manner of payment offered by a third party is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, Franchisor and Franchisee shall each select one appraiser, and the two so selected shall select a third appraiser, all three to determine the cash consideration. The cash consideration shall be the arithmetic mean of the values determined by the three appraisers and such determination will be binding upon the parties. All expenses of the appraisers shall be paid for equally between the Franchisor and the Franchisee; and

e. If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the transfer, subject to compliance with Sections 16.2 and 16.3 above. Absence of a reply to the Franchisee's notice of a proposed sale within the 30-day period is deemed a waiver of such right of first refusal.

16.5. Specific Types of Transfers. The Franchisee acknowledges that the Franchisor's right to approve or disapprove of a proposed transfer, and all other requirements and rights related to such proposed transfer, as provided for above, shall apply (1) if the Franchisee is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership among existing partners or members; (2) if the Franchisee is a corporation or a limited liability company, to any proposed transfer or assignment of 25% or more of the stock, membership interests or entity ownership of the corporation or limited liability company Franchisee, whether such transfer occurs in a single transaction or several transactions; (3) if the Franchisee is an individual, to the transfer from such individual or individuals to an entity controlled by them, in which case the Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; (ii) a limitation on the entity's business activity to that of operating the DETAILXPERTS Business and related activities; and (iii) other reasonable conditions; and (4) if the proposed transfer is to an immediate family member of Franchisee or if Franchisee is an entity, to an immediate family member of the owner(s) of the Franchisee entity. With respect to a proposed transfer as described in subsection (3) or (4) of this Section, the Franchisor's right of first refusal to purchase, as set forth above, shall not apply and the Franchisor will waive any transfer fee chargeable to the Franchisee for a transfer under these circumstances.

16.6. Assignment by the Franchisor. This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same.

16.7. Franchisee's Death or Disability. Upon the death or permanent disability of the Franchisee (or the individual controlling the Franchisee entity), the executor, administrator, conservator, guardian or other personal representative of such person shall transfer the Franchisee's interest in this Agreement or interest in the Franchisee entity to a third party approved by the Franchisor. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed 180 days from the date of death or permanent disability, and shall be subject to all terms and conditions applicable to transfers contained in this Article 16. Failure to transfer the interest in this Agreement or interest in the Franchisee entity within said period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "permanent disability" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee or the owner of a controlling interest in the Franchisee entity from supervising the management and operation of the DETAILXPERTS Business for a period of 120 days from the onset of such disability, impairment or condition.

17. TERM AND EXPIRATION

17.1. Term. The term of this Agreement is for a period of 10 years from the date of this Agreement, unless sooner terminated as provided herein.

17.2. Continuation. If, for any reason, the Franchisee continues to operate the Business beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination upon 30 days notice or as required by law. If said holdover period exceeds 90 days, this Agreement is subject to immediate termination unless applicable law requires a longer period. Upon termination after any holdover period, the Franchisee and those in active concert with the Franchisee, including family members, officers, directors, members, managers, partners and managing agents, are subject to the terms of Articles 20 and 22 and Section 18.3 of this Agreement and all other applicable post-termination obligations contained in this Agreement.

17.3. Rights Upon Expiration. At the end of the initial term hereof the Franchisee will have the option to renew its franchise rights for an additional term of 10 years, by acquiring successor franchise rights, if the Franchisor does not exercise its right not to offer a successor franchise in accordance with Section 17.5 below and if the Franchisee:

a. At least 90 days prior to expiration of the term, executes the form of Franchise Agreement then in use by the Franchisor. The Franchisee will not have to pay another initial fee; however, it may have to pay a successor franchise fee described in Section 17.3(e);

b. Has complied with all provisions of this Agreement during the current term, including the payment on a timely basis of all Royalties and other fees due hereunder. "Compliance" will mean, at a minimum, that the Franchisee has not received any written notification from the Franchisor of breach hereunder more than twice during the term hereof;

c. Upgrades the DETAILXPERTS Business, and its operations and equipment, including, if necessary, the purchase or lease of a new vehicle(s), at the Franchisee's sole expense (the necessity of which will be in the sole discretion of the Franchisor) to conform with the then current Operations Manual;

d. To the extent permitted by applicable law, executes a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, members, managers, employees and agents arising out of or relating to this Agreement; and

e. Pays a successor franchise fee in an amount equal to $5,000, which is due and payable upon execution of the Franchisor's then current Franchise Agreement and will be nonrefundable under all circumstances once paid.

17.4. Exercise of Option for Successor Franchise. The Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to the Franchisor not fewer than 210 nor more than 365 days prior to the scheduled expiration of this Agreement. The Franchisee's successor franchise rights will become effective by signing the Franchise Agreement then currently being offered to new franchisees of the Franchisor and by paying the successor franchise fee; however, an additional initial franchise fee will not be charged.

17.5. Conditions of Refusal. The Franchisor shall not be obligated to offer the Franchisee a successor franchise upon the expiration of this Agreement if the Franchisee fails to comply with any of the above conditions of renewal. In such event (unless such refusal is due to the Franchisee's failure to comply with Section 17.3, subsections a., c., d. or e. thereof, later than that time), the Franchisor shall give notice of expiration at least 180 days prior to the expiration of the term and such notice shall set forth the reasons for such refusal to offer successor franchise rights. Upon the expiration of this Agreement, the Franchisee shall comply with the provisions of Section 18.3 below.

18. DEFAULT AND TERMINATION

18.1. **Termination by Franchisor - Effective Upon Notice**. The Franchisor will have the right, at its option, to terminate this Agreement and all rights granted the Franchisee hereunder, without affording the Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law will prevail), effective upon receipt of notice by the Franchisee, addressed as provided in Section 23.12, upon the occurrence of any of the following events:

a. **Unauthorized Disclosure**. If the Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of the Franchisor's Operations Manual or any other trade secrets or confidential information of the Franchisor;

b. **Abandonment**. If the Franchisee ceases to operate the Business or otherwise abandons the Business for a period of five consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the Business. The Franchisee's suspension or termination of the Business' operation due to fire, flood, earthquake or force majeure shall not be deemed abandonment;

c. **Insolvency; Assignments**. If the Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by the Franchisee, or by others against the Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.), or if the Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by the Franchisee;

d. **Unsatisfied Judgments; Levy; Foreclosure**. If any material judgment (or several judgments which in the aggregate are material) is obtained against the Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedes or other appeal bond has been filed); or if execution is levied against the Franchisee's Business or any of the property used in the operation of the DETAILXPERTS Business and is not discharged within five days; or if the real or personal property of the Franchisee's Business will be sold after levy thereupon by any sheriff, marshal or constable;

e. **Criminal Conviction**. If the Franchisee or any of its principals or its Principal Manager is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof;

f. **Failure to Make Payments**. If the Franchisee fails to pay any amounts due the Franchisor or its affiliates within 10 days after receiving notice that such fees or amounts are overdue;

g. **Misuse of Marks**. If the Franchisee misuses or fails to follow the Franchisor's directions and guidelines concerning use of the Franchisor's Marks and fails to correct the misuse or failure within 10 days after notification from the Franchisor;

h. **Repeated Noncompliance**. If the Franchisee has received more than two notices of default from the Franchisor within any 12-month period, regardless of whether the defaults were cured by the Franchisee;

i. **Unauthorized Transfer**. If the Franchisee transfers or otherwise assigns the Franchise, an interest in the franchise or the Franchisee entity, this Agreement, the DETAILXPERTS Business or a substantial portion of the assets of the DETAILXPERTS Business owned by the Franchisee without complying with the provisions of Article 16 above; or

j. **<u>Violation of Restrictive Covenants</u>**. If the Franchisee, any related entity or any individual subject to the restrictive covenants described in <u>Article 20</u> intentionally or negligently violates one or more of those covenants.

18.2. <u>Termination by Franchisor - Thirty Days Notice</u>. The Franchisor will have the right to terminate this Agreement (subject to any state laws to the contrary, where state law will prevail), effective upon 30 days written notice to the Franchisee, if the Franchisee breaches any provision of this Agreement except those listed in <u>Section 18.1</u>, and fails to cure the default during such 30-day period. In that event, this Agreement will terminate without further notice to the Franchisee, effective upon expiration of the 30-day period. Defaults will include, but not be limited to, the following:

a. **<u>Failure to Maintain Standards</u>**. The Franchisee fails to maintain the then-current operating procedures and standards established by the Franchisor as set forth herein or in the Operations Manual or otherwise communicated to the Franchisee; or

b. **<u>Deceptive Practices</u>**. The Franchisee engages in any unauthorized business or practice or sells any unauthorized product or service under the Franchisor's Marks or under a name or mark which is confusingly similar to the Franchisor's Marks; or

c. **<u>Failure to Obtain Consent</u>**. The Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement; or

d. **<u>Failure to Comply with Manual</u>**. The Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual; or

e. **<u>Breach of Related Agreement</u>**. The Franchisee defaults under any term of any lease for a vehicle used in the Business or any equipment lease agreement, or any other agreement material to the DETAILXPERTS Business including any supply agreement with any affiliate of the Franchisor or any other Franchise Agreement or other agreement with the Franchisor or the Franchisor's affiliates and such default is not cured within the time specified in such lease, other agreement or other Franchise Agreement.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot reasonably be cured within such 30-day period and the Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, the Franchisee will be given an additional reasonable period of time, not to exceed 90 days, to cure the same, and this Agreement will not terminate absent written notice from the Franchisor.

18.3. <u>Obligations of Franchisee Upon Termination or Expiration</u>. The Franchisee is obligated immediately upon termination or expiration of this Agreement to:

a. Pay to the Franchisor all Royalties, Advertising Contributions, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or verbal;

b. Cease to identify itself as a DETAILXPERTS Franchisee or publicly identify itself as a former Franchisee or use any of the Franchisor's or its affiliate's trade secrets, signs, symbols, devices, trade names, trademarks, or other materials;

c. Cease to identify the Office Location as being, or having been, associated with the Franchisor and immediately cease using any proprietary mark of the Franchisor or any mark in any way associated with DETAILXPERTS Marks and Licensed Methods;

d. Deliver to the Franchisor all marketing materials, forms, samples, pamphlets and other materials bearing any of the Marks or otherwise identified with the Franchisor and obtained by and in connection with this Agreement;

e. Deliver to the Franchisor the Operations Manual, training materials, and all other information, documents and copies thereof which are proprietary to the Franchisor;

f. Take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which are under the exclusive control of the Franchisor or, at the option of the Franchisor, assign the same to the Franchisor;

g. Notify, within 10 days of the effective date of termination or expiration, the telephone company and all telephone directory publishers of the termination or expiration of the Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to the Franchisor or its designee. The Franchisee acknowledges that, as between the Franchisee and the Franchisor, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers and directory listings associated with any Mark. The Franchisee authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy or facsimile machine numbers and directory listings relating to the DETAILXPERTS Business to the Franchisor or its designee, should the Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of the Franchisor's exclusive rights in such telephone numbers and directory listings and the Franchisor's authority to direct their transfer;

h. Within 10 days of the effective date of termination or expiration, deliver to the Franchisor, the Franchisee's supplier and customer lists and accounts, and notify such suppliers and customers that the Franchisee is no longer associated with the Franchisor or the DETAILXPERTS Business; and immediately cease contact or communication with all customers or prospective customers with whom the Franchisee was communicating and submit to the Franchisor all documents or other information on such customers;

i. Abide by all restrictive covenants set forth in Article 20 of this Agreement; and

j. If applicable, take such action as may be required to remove from the Internet all sites referring to the Franchisee's former DETAILXPERTS Business or any of the Marks and to cancel or assign to the Franchisor, in the Franchisor's sole discretion, all rights to any domain names for any sites on the Internet that refer to the Franchisee's former DETAILXPERTS Business or any of the Marks.

k. Fulfill all of Franchisee's obligations to customers under all outstanding contracts and any warranties provided for in this Agreement notwithstanding the expiration or termination of the same. In order to ensure that Franchisee honors these obligations, within fourteen (14) days after the effective date of expiration or termination, Franchisee shall post a bond in an amount equal to one half of one percent (0.5%) of Franchisee's gross sales for the last twenty-four (24) months or pay Franchisor a fee of ten thousand dollars ($10,000), whichever is greater. Franchisor shall return such monies, less any amount expended to satisfy Franchisee's outstanding obligations, upon Franchisor's satisfaction that Franchisee has satisfied all of its obligations pursuant to this subsection. If applicable, take such action as may be required to remove from the Internet all sites.

l. Strictly comply with the terms and conditions of Section 18.3 above.

18.4. Right to Purchase. Upon termination for any reason or expiration of this Agreement for failure to renew by either the Franchisor or the Franchisee as set forth in Article 17 above, the Franchisor shall have the option to purchase the Business or a portion of the assets of the Business, which may include, at the Franchisor's option, all of the Franchisee's interest, if any, in any real or personal property, vehicles, equipment, or supplies, including leasehold interests, at fair market value, less any amount apportioned to the goodwill of the Business which is attributable to the Franchisor's Marks and Licensed Methods, and less any amounts owed to the Franchisor by the Franchisee. The following additional terms shall apply to the Franchisor's exercise of this option:

a. The Franchisor's option hereunder shall be exercisable by providing the Franchisee with written notice of its intention to exercise the option given to the Franchisee no later than the effective date of termination, in the case of termination, or at least 90 days prior to the expiration of the term of the franchise, in the case of non renewal;

b. If the Franchisor and the Franchisee cannot agree on the fair market value of the Business, then the fair market value shall be determined by an independent third party appraisal. The Franchisor and the Franchisee shall each select one independent appraiser, and the two so selected shall select a third appraiser, all three to determine fair market value. The fair market value shall be the arithmetic mean of the values determined by the three appraisers and such determination will be binding upon the parties. The Franchisor and Franchisee will each bear the expenses of their chosen appraiser. All expenses of the third appraiser shall be paid for equally between the Franchisor and the Franchisee;

c. The Franchisor and the Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by the Franchisor, in the real property records and the Franchisor and the Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording;

d. The Franchisor shall set the closing for the purchase of the DETAILXPERTS Business or its assets to take place no later than 60 days after the termination or non-renewal date. At the Franchisor's option, the Franchisee shall continue the Business operations by extension of this Agreement through the closing date. The Franchisor will pay the purchase price in full at the closing, or, at its option, in 12 equal consecutive monthly installments with interest at a rate of 10% per annum. The Franchisee must sign all documents of assignment and transfer as are reasonably necessary for purchase of the DETAILXPERTS Business or its assets by the Franchisor; and

e. In the event that the Franchisor does not exercise the Franchisor's right to purchase the Franchisee's DETAILXPERTS Business or its assets as set forth above, the Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of its DETAILXPERTS Business; provided, however, that all appearances of the Marks and the Franchisor's color scheme and trade dress are first removed and all proprietary software deleted in a manner approved in writing by the Franchisor.

18.5. State and Federal Law. THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW WILL GOVERN

THE FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

19. BUSINESS RELATIONSHIP

19.1. Independent Businesspersons. The parties agree that each of them are independent businesspersons, their only relationship is by virtue of this Agreement and that no fiduciary relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor will either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. The Franchisor and the Franchisee agree that neither of them will hold themselves out to be the agent, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other.

19.2. Payment of Third Party Obligations. The Franchisor will have no liability for the Franchisee's obligations to pay any third parties, including without limitation, any equipment or supply vendors, any vehicle leases or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon the Franchisee, the Franchisee's property, the DETAILXPERTS Business or upon the Franchisor in connection with the sales made or business conducted by the Franchisee (except any taxes the Franchisor is required by law to collect from the Franchisee with respect to purchases from the Franchisor).

19.3. Indemnification. The Franchisee agrees to indemnify, defend and hold harmless the Franchisor, its subsidiaries and affiliates, and their respective shareholders, directors, officers, members, managers, employees, agents, successors and assignees, (the "**Indemnified Parties**") against, and to reimburse them for all claims, obligations and damages described in this Section, any and all third party obligations described in Section 19.2 and any and all claims and liabilities directly or indirectly arising out of the operation of the DETAILXPERTS Business or arising out of the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement. For purposes of this indemnification, claims will mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, which costs include, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The Franchisor will have the right to defend any such claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1. Non-Competition During Term. The Franchisee acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, proprietary processes, operations, marketing and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all the franchisees of the Franchisor using the Marks and Licensed Methods. The Franchisee therefore agrees that other than the DETAILXPERTS Business licensed herein, neither the Franchisee, Principal Manager, nor any of the Franchisee's officers, directors, shareholders, partners, investors, members or managers, nor any member of his, her or their immediate families, will during the term of this Agreement:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below;

b. perform services as a director, officer, partner, manager, employee, consultant, representative, agent, investor or otherwise for a Competitive Business; or

c. divert or attempt to divert any business related to, or any customer or account of the DETAILXPERTS Business, the Franchisor's or its affiliates' business or any franchised DETAILXPERTS Business, by direct inducement or otherwise, or diverting or attempting to divert the employment of any employee of the Franchisor, its affiliates or another franchisee licensed by the Franchisor to use the Marks and Licensed Methods, to any Competitive Business by any direct inducement or otherwise.

The term "**Competitive Business**" as used in this Agreement will mean any business operating, or any business granting franchises or licenses to others to operate a business, which offers and sells (i) vehicle wash and detailing services or (ii) other products or services the same as or similar to those offered and sold by a DETAILXPERTS Business; provided, however, the Franchisee, its owners, members, partners, principals, and if an individual, members of its immediate family will not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent in the aggregate 5% or less of that class of securities issued and outstanding.

20.2. Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, the Franchisee and its officers, directors, members, managers, shareholders, and/or partners agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which the Franchisee ceases to conduct business, whichever is later, neither Franchisee, the Principal Manager, nor the Franchisee's officers, directors, shareholders, managers, members and/or partners will have any direct or indirect interest (through any immediate family member of the Franchisee or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, as defined above, located or operating within 100 miles of the former Territory or within 100 miles of the Territory of any other franchised, company or affiliate-owned DETAILXPERTS Business. The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. The Franchisee and its officers, directors, shareholders, managers, members and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

20.3. Confidentiality of Proprietary Information. The Franchisee will treat all information it receives which comprises or is a part of the Licensed Methods licensed hereunder, including the Operations Manual and vehicle wash processes and equipment, as proprietary and confidential and will not use such information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor's written consent. The Franchisee acknowledges that the Marks and the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Marks and Licensed Methods will result in irreparable harm to the Franchisor.

20.4. Remedies and Attorneys' Fees. The Franchisee shall reimburse the Franchisor for attorneys' fees and other reasonable costs incurred in the reasonable enforcement of the restrictions imposed by this Article 20. The Franchisee acknowledges that the provisions hereof may, in addition to all other available remedies, be enforced through an action for injunctive relief.

20.5. **Interpretation**. All parties to this Agreement acknowledge that this Article has been fully negotiated and has been entered into freely. If any provision of this Article 20 shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent so as to make the provision valid. This Article shall not be interpreted against either party as drafter.

20.6. **Confidentiality Agreement**. The Franchisor reserves the right to require that the Franchisee cause each of its officers, directors, partners, shareholders, managers, members, investors and Principal Manager, and, if the Franchisee is an individual, immediate family members, and employees who have access to the Operations Manual or other proprietary information, to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions, in a form approved by the Franchisor.

21. INSURANCE

21.1. Insurance Coverage. The Franchisee will procure, maintain and provide evidence of (i) automobile liability insurance covering all employees of the DETAILXPERTS Business with authority to operate a motor vehicle, including owned, hired, and non-owned vehicle liability, of not less than $1,000,000 for each occurrence or, with the Franchisor's prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage; (ii) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage with a policy limit of $1,000,000 in the aggregate; and (iii) commercial general liability insurance/garage liability coverage covering the Business in an amount not less than $1,000,000 in the aggregate, provided that such amount shall be equal to or exceed any minimum coverage imposed by a National Account or other third-party operator of a parking garage or other location where the Business operates. All of the required policies of insurance will name the Franchisor as an additional insured and will provide for a 30-day advance written notice to the Franchisor of amendment, termination or cancellation.

21.2. Proof of Insurance Coverage. The Franchisee will provide proof of insurance to the Franchisor prior to commencement of operations of its DETAILXPERTS Business. This proof will show that the insurer has been authorized to inform the Franchisor in the event any policies lapse or are cancelled. The Franchisor has the right to change the minimum amount of insurance and type of insurance the Franchisee is required to maintain by giving the Franchisee prior reasonable notice, giving due consideration to what is reasonable and customary in similar businesses. Noncompliance with the insurance provisions set forth herein will be deemed a material breach of this Agreement; in the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor will have the right to demand that the Franchisee cease operating the DETAILXPERTS Business until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to the Franchisee.

22. MEDIATION AND ARBITRATION

22.1. Mediation and Arbitration. Except for controversies, disputes or claims related to the enforcement of the Marks by the Franchisor, the covenants not to compete, or any lease of real estate, equipment or vehicles all controversies, disputes or claims between the Franchisor, its officers, directors, shareholders, members, managers, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, members, managers, employees and attorneys (in their representative capacity) and the Franchisee (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any Licensed Method, shall be first be submitted for non-binding mediation to the American Arbitration Association ("**AAA**") on demand of either party and, in the event the parties are unable to resolve their differences in mediation, then for binding arbitration to the AAA on demand of either party. Such mediation and arbitration proceedings shall be conducted in Detroit, Michigan, and shall be heard by a single mediator or, if necessary, by a single arbitrator in accordance with the then current mediation rules or Commercial Arbitration Rules of the AAA, respectively, except as otherwise provided in this Agreement.

22.2. Mediation Procedures. A dispute submitted to non-binding mediation shall be conducted in accordance with the procedures set forth below.

a. Either party may initiate a mediation proceeding (the "**Initiating Party**") by notifying the other party in writing (the "**Responding Party**"). The mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within 30 days of the receipt of the written demand for mediation. If the parties cannot reach agreement upon the selection of a mediator, either party may commence the mediation process by filing a written demand for mediation with the AAA, with a copy to the other party. The notice shall describe with specificity the nature of the dispute and Initiating Party's claim for relief. Both parties will be obligated to engage in the mediation under the AAA's then current rules, except to the extent the rules conflict with this Agreement, in which case this Agreement shall control.

b. The mediation will be conducted by a single mediator with no past or present affiliation or conflict with the Franchisor, the Franchisee, or any other party to the mediation. The parties agree that the mediator shall be disqualified as a witness, expert, consultant or attorney in any pending or subsequent proceeding relating to the dispute which is the subject of the mediation.

c. In the event the parties cannot agree on a mediator and the AAA administers the mediation, the AAA shall provide the parties with a list of mediators willing to serve. If the parties do not agree upon a mediator, and so advise the AAA in writing, within 10 days of receipt of such list, the AAA shall appoint the mediator. The fees and expenses of the AAA, if applicable, and the mediator's fee, shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation or the mediator's evaluation of each party's case.

d. The mediation proceeding shall commence within 30 days after selection of the mediator. Regardless of whether the Franchisor or the Franchisee is the Initiating Party, the mediation shall be conducted at the Franchisor's principal offices, unless the Franchisor and the Franchisee agree upon a mutually acceptable alternative location.

e. At least seven days before the first scheduled session of mediation, each party shall deliver to the mediator and to the other party a concise written summary of its position with respect to the matters in dispute and Initiating Party's claims for relief, and such other matters required by the mediator.

f. The parties shall participate in good faith in the mediation with the intention of resolving the dispute, if at all possible. The parties recognize and agree, however, that the mediator's recommendations and decision shall not be binding on the parties unless otherwise agreed in writing.

g. During the mediation, the mediator may have joint and separate meetings with the parties and their counsel, at the mediator's discretion. The mediation proceeding shall continue until conclusion, which is deemed to occur when: (i) a written settlement is reached, (ii) the mediator concludes and informs the parties in writing that further efforts would not be useful, or (iii) the parties agree in writing that an impasse has been reached. Neither party may withdraw before the conclusion of the mediation proceeding.

h. The mediation proceeding will be treated as a compromise settlement negotiation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation proceeding by any party or their agents, experts, counsel, employees or representatives, and by the mediator are confidential. Such offers, promises, conduct and statements may not be disclosed to any third party and are privileged and inadmissible for any purpose, including impeachment, under applicable laws or rules of evidence; provided however, that evidence otherwise discoverable or admissible shall not be rendered not discoverable or inadmissible as a result of its use in the mediation. If a party informs the mediator that information is conveyed in confidence by the party to the mediator, the mediator will not disclose the information.

22.3. **Scope of Arbitration**. In the event the dispute is eventually submitted to arbitration, the arbitrator shall have the right to award or include in the award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys' fees and costs, in accordance with Section 23.7 of this Agreement, provided that the arbitrator shall not award exemplary or punitive damages. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The Franchisor and the Franchisee agree to be bound by the provisions of any applicable limitation on the period of time by which claims must be brought under applicable law or this Agreement, whichever is less. The parties further agree that, in connection with any such arbitration proceeding, each shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The Franchisor and the Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the Franchisor and the Franchisee shall not be consolidated with any other arbitration proceeding involving the Franchisor and any other party.

22.4. **Governing Law/Consent to Venue and Jurisdiction; Jury Waiver**. All disputes to be arbitrated by the Franchisor and the Franchisee shall be governed by the Federal Arbitration Act (the "**FAA**") and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Michigan and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Michigan, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and a franchisee shall not apply unless its jurisdictional requirements are met independently without reference to this Section 22.4, which laws shall prevail in the event of any conflict of law. The Franchisee and the Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving the Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**") and the Franchisor, its officers, directors, managers or sales employees (collectively, "**Franchisor Affiliates**"), the parties agree that the exclusive venue for disputes between them, other than an arbitration proceeding as provided in Section 22.1 above, shall be in the state and federal courts of Detroit, Michigan and each party waives any objection they may have to the personal jurisdiction of or venue in these state and federal courts or arbitration in Detroit, Michigan. **THE FRANCHISOR, THE FRANCHISOR AFFILIATES, THE FRANCHISEE AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

22.5. **Injunctive Relief**. Notwithstanding the above mediation and arbitration provisions, the Franchisor and the Franchisee will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Franchisee agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds in excess of a total of $1,000, but upon due notice, and the Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Franchisee. Any such action will be brought as provided in Section 22.4 above and the prevailing party shall be entitled to its costs and attorneys' fees.

23. MISCELLANEOUS PROVISIONS

23.1. **Modification**. This Agreement may be modified only upon execution of a written agreement between the parties. The Franchisee acknowledges that the Franchisor may modify its standards and specifications and operating techniques set forth in the Operations Manual unilaterally under any conditions and to the extent to which the Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods, but under no circumstances will such modifications be made arbitrarily without such determination.

23.2. **Entire Agreement**. This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. The Franchisee acknowledges that it has not relied on any verbal representations or commitments made prior to the execution hereof. The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and the most recent Franchise Disclosure Document ("**FDD**") provided by the Franchisor in connection herewith. The Franchisee further acknowledges and agrees that no representations have been made to it by the Franchisor regarding projected sales volumes, market potential, revenues, profits of the Franchisee's DETAILXPERTS Business, or operational assistance other than as stated in this Agreement or in the most recent FDD provided by the Franchisor.

23.3. **Delegation by the Franchisor**. From time to time, the Franchisor will have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of the Franchisor or independent contractors which the Franchisor has contracted with to provide such services. The Franchisee agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations and duties hereunder.

23.4. **Effective Date**. This Agreement will not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer of the Franchisor.

23.5. **Review of Agreement**. The Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 days or 10 full business days, whichever is applicable, during which time the Franchisee has had the opportunity to submit same for professional review and advice of the Franchisee's choosing prior to freely executing this Agreement.

23.6. **Franchisor's Consent**. Unless otherwise stated herein, where Franchisor's consent is required, said consent will not be unreasonably withheld, however, Franchisor's failure to respond within any designated time period shall not be deemed consent to Franchisee's proposed activity and it shall remain the Franchisee's responsibility to obtain written consent before proceeding with the contemplated activity.

23.7. **Attorneys' Fees**. Except as set forth in Section 22.2.c., Mediation Procedures, in the event of any default on the part of either party to this Agreement, in addition to all other remedies, the party in default will pay the prevailing party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in any legal action, arbitration or other proceeding as a result of such default, plus interest at the lesser of 18% per annum or the highest rate allowable by law, accruing from the date of such default.

23.8. **No Waiver**. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Franchisee will be considered to imply or constitute a further waiver by the Franchisor or the Franchisee of the same or any other condition, covenant, right, or remedy.

23.9. <u>No Right to Set Off</u>. The Franchisee will not be allowed to set off amounts owed to Franchisor or its affiliates for Royalties, product or supply payments or other amounts due hereunder, against any monies owed to Franchisee, nor shall the Franchisee in any event withhold such amounts due to any alleged nonperformance by the Franchisor or its affiliates, which right of set off is hereby expressly waived by the Franchisee.

23.10. <u>Payment of Taxes</u>. The Franchisee shall reimburse the Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its affiliates or designees, on account of services or goods furnished by the Franchisor, its affiliates or designees, to the Franchisee through sale, lease or otherwise (except for any taxes the Franchisor or its affiliates are required by law to collect from the Franchisee with respect to products, equipment and supplies purchased from the Franchisor or its affiliates), or on account of collection by the Franchisor, its affiliates or designees, of the initial franchise fee, Royalties or any other payments made by the Franchisee to the Franchisor required under the terms of this Agreement.

23.11. <u>Invalidity</u>. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

23.12. <u>Notices</u>. All notices required to be given under this Agreement will be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the addresses set forth in the first paragraph of this Agreement or at such other addresses as the Franchisor or the Franchisee may designate from time to time, and will be effectively given when deposited in the United States mails, postage prepaid, or when received via overnight delivery, as may be applicable.

23.13. <u>Cumulative Rights</u>. The rights and remedies of the Franchisor and the Franchisee hereunder are cumulative and no exercise or enforcement by the Franchisor or the Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the Franchisee of any other right or remedy hereunder which the Franchisor or the Franchisee is entitled by law to enforce.

23.14. <u>Survival of Provisions</u>. Any provisions that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.
ter
23.15. <u>Acknowledgement</u>. BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. THE FRANCHISEE ACKNOWLEDGES THAT:

A. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON THE FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

B. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, AND

C. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO THE FRANCHISEE IS BINDING ON THE FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____
Its:____

FRANCHISEE

____
Individually

____
(Print Name)

OR

(if a corporation, limited liability company or partnership)

____
Company Name

By:____
Title:______________________________________

EXHIBIT I TO
FRANCHISE AGREEMENT

ADDENDUM TO
DETAILXPERTS FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

1. **Office Location**. The Office Location set forth in Section 3.1 of the Agreement will be____.

2. **Protected Territory**. The Territory described in Section 3.2 will be _________________.

3. **Initial Franchise Fee**. The Franchisee shall pay to the Franchisor an initial franchise fee of $________, all of which is due and payable in immediately available funds on the date of execution of the Agreement, as referenced in Section 4.1 of the Agreement.

4. **Royalties**. The Royalty payable by the Franchisee pursuant to Article 11 is _______________.

5. **Initial Marketing Campaign.** The Initial Marketing Campaign expenditure referenced in Section 12.2 shall be $______________.

Fully executed this __________ day of ________________, 20____.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____
Its:____

FRANCHISEE

____
Individually

____
(Print Name)

OR

(if a corporation, limited liability company or partnership)

____
Company Name

By:____
Title:____

EXHIBIT II
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by DetailXPerts Franchise Systems, LLC (the "**Franchisor**"), each of the undersigned hereby personally and unconditionally:

Guarantees to the Franchisor and its successors and assigns, for the term of this Agreement, including renewals thereof, that the franchisee as that term is defined in the Agreement (the "**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and all obligations related thereto.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by the Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and

5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

1. His or her direct and immediate liability under this guaranty shall be joint and several;

2. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

3. Such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person;

4. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any

way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof;

5. He or she shall be bound by the restrictive covenants and confidentiality provisions contained in Article 20 of the Agreement and the indemnification provision contained in Section 19.3 of the Agreement and such provisions are incorporated into this Guaranty by this reference;

6. The mediation, arbitration, injunctive relief, governing law and jurisdiction provisions contained in Article 22 and the attorneys' fee provision contained in Section 23.7 of the Agreement shall govern this Guaranty and such provisions are incorporated into this Guaranty by this reference; and

7. HE OR SHE WAIVES THEIR RIGHT TO A TRIAL BY JURY.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

______________________________ Guarantor	______________________________ Witness
______________________________ Guarantor	______________________________ Witness
______________________________ Guarantor	______________________________ Witness

EXHIBIT III
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: ____

Trade Name (if different from above): ______________________________

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

____

____

____

____

Franchisee acknowledges that this Statement of Ownership applies to the DETAILXPERTS Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to the Franchisor in writing.

____________________ ____________________
Date Name

____
Print Name

EXHIBIT IV
TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

Company Name: **DetailXPerts Franchise Systems, LLC** (the "**Company**")

I (We) ________________________________ (Name of Franchisee) authorize the Company to initiate variable entries to my (our) account described below for amounts owed by Depositor/Franchisee to the Company for the monthly Royalty as defined in Section 11.1 of the Franchise Agreement; the Advertising Contribution as defined in Section 12.3 of the Franchise Agreement; and Invoices from the Company for supplies, merchandise, services and other items purchased from or through the Company by Depositor/Franchisee, all of which arise from or are related to the Franchise Agreement between Depositor/Franchisee and Company dated _____________:

Checking Account No.: ______________________________________

Savings Account No.: ____

Financial Institution's Name: ____

Financial Institutions Address: ____

____

Attach a voided check or savings deposit slip on the blank piece of paper and provide:
The financial institution's routing number (a/k/a as the Bank Transit or ABA Number)

___ ___ ___ ___ ___ ___ ___ ___ ___ (Seven Digit Number)

This authority is to remain in full force and effect until the Company has received written notification from me (or either one of us) of its termination in such time and manner as to afford the Company a reasonable opportunity to act on it.

Date: ________________________________ Name of Franchisee: ____________________________
Franchise # _____________________________
Location:_______________________________ By: ____
Its: ____

Franchisee Address: ____
____
Telephone: __________________________ Facsimile: ____________________________

Please return this form and the blank page with your voided check to: DetailXPerts Franchise Systems, LLC at 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416, Attn: Angela Williams.

EXHIBIT V
TO FRANCHISE AGREEMENT

CREDIT CARD PAYMENT AUTHORIZATION

I (We) ________________________________ (Name of Franchisee) authorize DetailXPerts Franchise Systems, LLC ("**Company**") to charge the credit/debit card indicated below and authorize the credit/debit card issuer to pay such account pursuant to Company's instructions.

This credit card payment authorization form is intended for use on a recurring basis. This authority is to remain in full force and effect until Company has received written notification from Franchisee of its termination in such time and manner as to afford Company a reasonable opportunity to act on it.

Credit Card Type: ☐ VISA ☐ MC ☐ AMEX ☐ Other/Include Type

____

Credit Card No.: ________________________________ Expiration Date: ___________________

Name of Franchisee: ______________________________

By: ____
Its: ____
Date: ____
Franchisee Address: ______________________________
Phone: ____
Facsimile: ______________________________________

EXHIBIT C

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "**Agreement**") is made this ______ day of , 20______ by and between ____ located at ____ ("**Franchisee**"), and **DETAILXPERTS FRANCHISE SYSTEMS, LLC**, a Michigan Limited Liability Company, located at 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416 ("**Franchisor**").

RECITALS

A. The DetailXPerts Franchise Systems, LLC is offering franchises for the operation of a business which provides mobile vehicle wash, detailing and related services. ("**DETAILXPERTS** "). DETAILXPERTS franchised businesses operate under a distinctive business format, systems, methods, procedures, designs, layouts and specifications ("**Licensed Methods**") and under the service mark "DETAILXPERTS" and related logos, trademarks, service marks and commercial symbols ("**Marks**").

B. The Franchisee would like to use the Franchisor's Marks and Licensed Methods in connection with the development of a certain number of DetailXPerts Franchises in a specific geographical area as set forth herein. The Franchisor desires to grant the Franchisee the right to establish and operate such DetailXPerts Franchises under the terms and conditions which are contained in this Agreement.

The parties therefore agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1. The Franchisor grants to the Franchisee the right to develop and establish a franchised DetailXPerts business using the Franchisor's Marks and Licensed Methods in the geographic area described in Exhibit A attached hereto (the "**Territory**").

1.2. The Franchisor shall not establish, nor shall it license any other party to establish, DetailXPerts Franchises using the Marks and Licensed Methods anywhere within the Territory for so long as this Agreement is in effect.

1.3. Notwithstanding the above, the Franchisor reserves the right to use and license the use of other marks or methods in connection with the sale of products or services similar to those which the Franchisee will sell in its franchised business, whether in alternative channels of distribution or in connection with the operation of a franchised business which are the same as, or similar to, or different from DETAILXPERTS company owned locations, at any location, including within the Territory, on any terms and conditions as the Franchisor deems advisable. The Franchisor also reserves the right to use the Marks to identify any type of services, products, promotional and marketing efforts or related items and to identify services and products made available by the Franchisor, in its sole discretion, through alternative channels of distribution (other than DETAILXPERTS company owned locations), at any location, including within the Territory.

1.4. The parties acknowledge that the Franchise Agreement, attached hereto as Exhibit B and by this reference incorporated herein, governing the operation of the Franchisee's first franchise to be opened hereunder, is being executed concurrently with this Agreement. The Franchisee agrees to comply with the terms and conditions of the Franchise Agreement as a part of its obligations hereunder and acknowledges that failure to execute and comply with such Franchise Agreement is a breach of this Agreement.

2. INITIAL FRANCHISE FEES

2.1. Concurrently with the execution of this Agreement, the Franchisor acknowledges that in consideration of the development rights granted herein, the Franchisee has paid the sum of $35,000, representing payment in full of the initial franchise fee for the first DetailXPerts Franchise to be developed hereunder, plus $12,500 of the initial franchise fee for each of the remaining franchises to be developed. The Franchisee pays a discounted initial franchise fee of $25,000 for the second and each subsequent DetailXPerts franchises to be developed under this Agreement. The balance of the initial franchise fees for the second and subsequent franchises to be developed (i.e. $12,500) will be due at the earlier of (1) the date set forth in Section 3.1 of this Agreement which is the deadline for development of that particular DetailXPerts franchise; or (2) the date on which the Franchisee signs the Franchise Agreement for the DetailXPerts franchise. All fees hereunder are nonrefundable once paid to the Franchisor and under no circumstances will the Franchisee be entitled to a refund, return or rebate of any portion of initial franchise fees paid hereunder.

3. DEVELOPMENT OBLIGATIONS

3.1. The Franchisee agrees to develop the following number of DetailXPerts franchises in the Territory, in accordance with the following schedule:

Number of Months After Date of This Agreement	**Minimum Number of Franchises opened for Business**

3.2. The parties agree that a separate Franchise Agreement shall be executed by the parties to this Agreement for each DetailXPerts franchise to be developed under this Agreement. The Franchise Agreement for the second and subsequent DetailXPerts franchise will be executed within 10 days after the Franchisor's approval of a location for the DetailXPerts franchise to be operated thereunder. The Franchisee's failure to execute any additional Franchise Agreements or its default in any term of such Franchise Agreements may, at the option of the Franchisor, be deemed a default under this Agreement and shall entitle the Franchisor to terminate this Agreement as further provided in Article 4 below.

3.3. The Franchisee shall not, without the prior written approval of the Franchisor, enter into any contract for the purchase or lease of any premises for use as a DetailXPerts franchise. The Franchisor will assist the Franchisee in the selection and approval of locations for its DetailXPerts franchise although the Franchisee acknowledges that the Franchisor has no obligation to select or acquire a location on behalf of the Franchisee. Assistance by the Franchisor will consist of the provision of criteria for a satisfactory location and, subsequently, an on-site inspection to determine whether the location fulfills the requisite criteria for a DetailXPerts franchise.

3.4. Each Franchise Agreement to be executed by the Franchisee for each DetailXPerts franchise to be developed hereunder shall be in a form substantially similar to the Franchise Agreement being executed herewith, although the Franchisor reserves the right to change provisions of the Franchise Agreement to conform with the then current Franchise Agreement being offered to new franchisees of the Franchisor. Notwithstanding the foregoing, the Franchisor agrees that it will not charge an initial franchise fee to the Franchisee which is greater than the amounts set forth herein and will not increase the Royalty percentage to a rate that is greater than the rate charged to the Franchisee in the Franchise Agreement being executed herewith. The Franchisee acknowledges that the Franchisor has the right, however, to charge then current published rates for advertising contributions and optional products and services offered to the Franchisee in accordance with the then current franchise offering of the Franchisor.

3.5. The Franchisee acknowledges that the Franchisor shall have the right, at the Franchisor's sole discretion, to waive the initial training program, which is the same as or similar to the training provided under Section 6.1 of the Franchise Agreement executed concurrently herewith, for the second and each subsequent DetailXPerts franchise developed under the terms of this Agreement. The Franchisee may also request additional assistance from the Franchisor in connection with site selection, site feasibility studies, lease negotiations and other issues related to development of its Territory. If the Franchisor agrees to provide such assistance, in the Franchisor's sole discretion, the Franchisor reserves the right to charge the Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses incurred in connection with such assistance, plus a fee based on hourly time spent by any of the Franchisor's employees in connection with such assistance, which fee will be charged in accordance with the then current daily or hourly rates being charged by the Franchisor for assistance.

4. TERM AND TERMINATION

4.1. This Agreement shall commence as of the date of execution hereof and shall end on the last day of the last calendar month in the final Development Period set forth in Section 3.1 above. After expiration of the term, or earlier termination of this Agreement as provided below, the Franchisor shall have the right to establish, or license any other party to establish DetailXPerts Franchises anywhere within the Territory; provided, however, that the Franchisee's Protected Territory as defined in the Franchise Agreement(s) executed hereunder will remain in effect for the term of the Franchise Agreement(s), unless sooner terminated.

4.2. This Agreement may be terminated by the Franchisee for any reason upon 60 days prior written notice to all parties, provided that the Franchisee will not be entitled to a refund of any fees paid hereunder under any circumstances.

4.3. This Agreement may be terminated by the Franchisor on 30 days prior written notice, such notice containing a right to cure such default, if applicable, in the event of any of the following:

a. If the Franchisee defaults on any term or condition of this Agreement; including without limitation, failure to develop in accordance with the schedule set forth in Section 3.1 above; or

b. In the event of any occurrence which would entitle the Franchisor to terminate any Franchise Agreement executed in furtherance of this Agreement.

This Agreement shall automatically terminate at the end of such 30 day notice period, unless the Franchisee cures the default set forth in such notice within said 30 day period.

4.4. In the event of termination of this Agreement for any reason, the Franchisee shall remain subject to the provisions of Article 6 of this Agreement regarding nondisclosure and covenants not to compete, in addition to the terms and conditions of any and all Franchise Agreements executed in furtherance of this Agreement which have not also been terminated.

5. ASSIGNMENT

5.1. The Franchisor may transfer or assign its rights under this Agreement at any time upon notice to the Franchisee, provided that the Franchisor has fulfilled its obligations hereunder or has made adequate provisions therefor.

5.2. The Franchisee may not sell, transfer or assign its rights under this Agreement or any interest in it or any part of the Franchisee entity, unless the Franchisee obtains the Franchisor's prior written consent, which consent shall not be unreasonably withheld if the Franchisee complies with the transfer provisions of the Franchise Agreement most recently executed by the Franchisor and the Franchisee, which provisions shall be deemed to be incorporated herein by reference. The Franchisor will consent to the Franchisee proposed transfer of rights to a specific DetailXPerts Franchise to be developed, at the time of execution of the Franchise Agreement which shall govern operation of such DetailXPerts Franchises, if the proposed transfer is to a corporation, limited liability company or other entity owned by, controlled by, or under common control with, the Franchisee and the transfer fee described in Section 5.3 below shall not be charged.

5.3. In the event of any proposed sale, transfer or assignment by the Franchisee as described herein, the Franchisee and/or the proposed transferee shall pay to the Franchisor the standard transfer fee for each franchise to be transferred, as governed by the applicable Franchise Agreement executed pursuant to this Agreement, plus $5,000 for every undeveloped franchise right for which no Franchise Agreement has been executed.

5.4. In the event of any proposed sale, transfer or assignment of its rights under this Agreement or any interest in it or any part of the Franchisee entity, the Franchisee agrees to grant the Franchisor a 30 day right of first refusal to purchase such rights or assets on the same terms and conditions as are contained in the most recently executed Franchise Agreement.

6. RESTRICTIVE COVENANTS

6.1. During the term and after the termination of this Agreement or any Franchise Agreement signed in furtherance of this Agreement, the Franchisee and its officers, partners, directors, agents or employees who have completed the Franchisor's training programs or had access to the Operations Manual, as described in the Franchise Agreement, and/or the beneficial owners of a 5% or greater interest in the Franchisee and their respective immediate families, shall be subject to all restrictive covenants as set forth in the Franchise Agreement executed concurrently herewith, and in any Confidentiality and Noncompetition Agreements executed as exhibits to such Franchise Agreement, which covenants by this reference are incorporated herein.

7. BUSINESS RELATIONSHIPS

7.1. During the term of this Agreement, the Franchisee shall be an independent contractor and shall in no way be considered as an agent, partner or employee of the Franchisor. It is understood and agreed that no agency or partnership is created by this Agreement. As such, the Franchisee has no authority of any nature whatsoever to bind the Franchisor or incur any liability for or on behalf of the Franchisor or to represent itself as anything other than an independent contractor.

7.2. The Franchisee shall indemnify and hold harmless the Franchisor and its officers, directors, agents and representatives from all fines, suits, proceedings, claims, demands or actions of any kind or nature, including reasonable attorneys' fees, from anyone whomsoever, arising or growing out of, or otherwise connected with the Franchisee's development activities hereunder.

8. MISCELLANEOUS

8.1. The parties agree that any dispute between the parties arising out of or relating to this Agreement shall be governed by the applicable provisions of the Franchise Agreement executed concurrently herewith, which terms and conditions are by this reference incorporated herein.

8.2. This Agreement shall be binding upon and inure to the benefit of each of the parties' respective heirs, successors, assigns and personal representatives.

8.3. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

8.4. The Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 days , during which time the Franchisee has had the opportunity to submit same for professional review and advice of the Franchisee's choosing prior to freely executing this Agreement.

8.5. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any party hereto shall be considered to imply or constitute a further waiver of the same or any other condition, covenant, right or remedy.

8.6. This Agreement may be modified only upon execution of a written agreement between the parties.

8.7. This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. The Franchisee acknowledges that it has not relied on any verbal representations or commitments made prior to the execution hereof.

8.8. If any provision of this Agreement is held invalid by any court of competent jurisdiction in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

8.9. All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the addresses first set forth above, or at such other address as either party may designate from time to time by written notice as set forth herein. Notice shall be deemed effective when deposited in the United States mail postage prepaid or when received by overnight delivery, as may be applicable.

8.10. In the event of any conflict between the terms of this Agreement and the terms of the Franchise Agreement, the terms of this Agreement shall control.

8.11. In the event of any default on the part of either party to this Agreement, in addition to all other remedies, the party in default will pay the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, incurred by the aggrieved party in any legal action, arbitration or other proceeding as a result of such default, plus interest at the highest rate allowable by law, accruing from the date of such default.

8.12. Nothing herein shall prevent the Franchisor or the Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the date first above written.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

Date:____
By:____
Title: ____

FRANCHISEE:

Date:____

Individually

____
Print Name

Date:____

Individually

____
Print Name

OR (if corporation or partnership)

____
(Print Name)

Date:____
By:____
Its:____

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES

Joestep Enterprises, Inc
23055 Sherman Way #4035
West Hills, CA 91307
Joe Gonzalez
joe.gonzalez@detailxperts.net
818.405.0099

TDC & Associates, LLC
P.O. Box 530671
St. Petersburg, FL 33747 USA
Terry Cleveland terry.cleveland@detailxperts.net
419.467.3060

DetailXPerts of Southwest Chicagoland, LLC
2328 E Lincoln Highway, Suite 210
New Lenox, IL 60451
Jason Paganessi
Jason.paganessi@detailxperts.net
779.234.8544

JOKU Enterprises, LLC *
11650 Olio Road; Suite 1000-128
Fishers, IN 46037
Kurt Cummings
Kurt.cummings@detailxperts.net
317.558.9880

K & T Auto Detailing, LLC
440 Burroughs Street #642
Detroit, MI 48202 USA
Katrina Forster Katrina.forster@detailxperts.net
317.697.7945

JJ Hanson LLC
1822-6 South Glenburnie Rd, PMB 224
New Bern, NC 28562
Jeff Hanson
Jeff.hanson@detailxperts.net

TR Armijo USA LLC
7306 SW 34th Ave, Ste 1, PMB321 Amarillo, TX 79121
Tony Armijo
Tony.armijo@detailxperts.net
806.731.0087

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES

Wildwood Ventures, Inc *
7305 Hancock Village Drive #219
Chesterfield, VA 23832
David Barlow
David.barlow@detailxperts.net
804.510.0884

P. Neil & Associates, Inc *[1]
300 Lenora Street #156
Seattle, WA 98121
Patty Neil
Patty.neil@detailxperts.net

Pastorelli Management LLC
415 E Kimberly Ave #279
Kimberly, WI 54136
Mike Pastorelli mike.pastorelli@detailxperts.net
920.798.4430

[1] * Multi-Unit Franchisee

EXHIBIT E
(TO DISCLOSURE DOCUMENT)

FRANCHISEES WHO HAVE LEFT THE SYSTEM

None.

EXHIBIT F
(TO DISCLOSURE DOCUMENT)

<u>FINANCIAL STATEMENTS</u>

DETAILXPERTS FRANCHISE SYSTEMS, LLC

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2017 and 2016

DETAILXPERTS FRANCHISE SYSTEMS, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of
DetailXperts Franchise Systems, LLC

We have audited the accompanying financial statements of DetailXperts Franchise Systems, LLC (a Michigan limited liability company), which comprise the balance sheets as of December 31, 2017 and 2016 and the related statements of operations and members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
DetailXperts Franchise Systems, LLC
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DetailXperts Franchise Systems, LLC as of December 31, 2017 and 2016 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.

UHY LLP

Farmington Hills, Michigan
August 24, 2018

DETAILXPERTS FRANCHISE SYSTEMS, LLC
BALANCE SHEETS

		December 31,		
		2017		2016
ASSETS				
CURRENT ASSETS				
Cash	$	114,534	$	84,473
Accounts receivable		20,699		66,496
Inventories		74,073		42,511
Prepaid expenses		1,997		-
Current portion of notes receivable		10,227		19,960
Total current assets		221,530		213,440
PROPERTY AND EQUIPMENT, net		69,072		48,086
NOTES RECEIVABLE		5,367		15,470
DEPOSIT		400		400
Total assets	$	296,369	$	277,396
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Current portion of long-term debt	$	3,605	$	12,644
Credit cards payable		115,467		43,809
Accrued expenses		17,475		16,000
Customer deposits		-		30,165
Deferred revenue - franchise fees		-		65,000
Total current liabilities		136,547		167,618
LONG-TERM DEBT		13,474		5,212
Total liabilities		150,021		172,830
MEMBERS' EQUITY		146,348		104,566
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	296,369	$	277,396

DETAILXPERTS FRANCHISE SYSTEMS, LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

	Years ended December 31, 2017	2016
Revenues		
Initial franchise fees	**$ 229,000**	$ 520,000
Equipment and product sales	**178,861**	521,401
Royalty and other fees	**120,863**	91,050
Total revenues	**528,724**	1,132,451
Operating expenses	**508,521**	916,058
	20,203	216,393
Other income (expense)		
Interest expense	**(6,947)**	(1,972)
Interest income	**1,085**	502
Other income	**5,804**	563
Total other expense	**(58)**	(907)
Net income	**20,145**	215,486
Members' equity, beginning	**104,566**	45,209
Contributions	**106,711**	39,980
Distributions	**(85,074)**	(196,109)
Members' equity, ending	**$ 146,348**	$ 104,566

DETAILXPERTS FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS

	Years ended December 31, 2017	2016
OPERATING ACTIVITIES		
Net income	**$ 20,145**	$ 215,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**15,150**	9,763
Changes in:		
Accounts receivable	**45,797**	(55,243)
Inventories	**(22,554)**	488
Prepaid commissions	**(1,997)**	37,500
Credit cards payable	**71,658**	41,276
Accrued expenses	**1,475**	30,165
Customer deposits	**(30,165)**	16,000
Deferred revenue	**(65,000)**	(35,000)
Net cash provided by operating activities	**34,509**	260,435
INVESTING ACTIVITIES		
Expenditures for property and equipment	**(36,136)**	(32,794)
Issuance of notes receivable	**-**	(44,543)
Proceeeds from payments of notes receivable	**10,828**	9,113
Net cash used in investing activities	**(25,308)**	(68,224)
FINANCING ACTIVITIES		
Borrowings from long-term debt	**19,321**	-
Payments of long-term debt	**(20,098)**	(13,125)
Member contributions	**106,711**	39,980
Member distributions	**(85,074)**	(196,109)
Net cash provided by (used in) financing activities	**20,860**	(169,254)
NET CHANGE IN CASH	**30,061**	22,957
CASH, beginning of year	**84,473**	61,516
CASH, end of year	**$ 114,534**	$ 84,473
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	**$ 6,947**	$ 1,972
NON-CASH FINANCING ACTIVITY		
Inventory received in exchange for forgiveness of note receivable	**$ 9,008**	$ -

NOTE 1 – COMPANY OPERATIONS

DetailXperts Franchise Systems, LLC is the master franchisor of a detailing business for washing cars with steam. At December 31, 2017, the Company had twenty-two franchisees in operation. The Company moved its operations from Michigan to Tennessee in December 2015 and has franchises in 14 states.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on the history of past-write-offs and the anticipated collectability of each account. Management has determined that no allowance is necessary at December 31, 2017 and 2016. Generally, the Company does not require collateral for its accounts receivable.

Inventories

Inventories are valued at the lower of cost or net realizable value with cost being determined on a "first-in, first-out" (FIFO) basis. Maintenance, operating, and office supplies are generally not inventories, but are charged to expense when purchased.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense when incurred. Upon sale, disposal or retirement of property and equipment, the cost and accumulated depreciation and amortization are written off and any gain or loss is included in the statements of operations and members' equity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Property and equipment is depreciated and amortized on a straight-line basis over the following estimated useful lives:

Asset	Years
Machinery and equipment	5-7
Vehicles	5
Furniture and fixtures	7

Revenue Recognition

Revenue includes initial franchise fees, royalty fees, advertising fees, marketing fees and fees related to the sale of equipment and other products necessary to run the franchise. The Company recognizes initial franchise fee revenue when all material services or conditions related to the revenue have been substantially performed or satisfied by the Company. This treatment is in accordance with Accounting Standard Codification (ASC) 952, *Franchisors Revenue Recognition.*

Royalty fees are invoiced monthly based on the franchisees collections of revenue or a reduced amount determined by the Company. Product sales and related costs are recorded by the Company upon shipment of products to franchisees.

Deferred Revenue

Deferred revenue consists of cash deposits received from franchisees prior to commencement of franchise operations.

Income Taxes

The Company has been organized as a limited liability company(LLC) under the Internal Revenue Code, which is generally not a tax-paying entity for federal or state income tax purposes. Instead, the members of the Company are liable for income taxes on their respective allocation of the Company's taxable income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The benefit of an uncertain tax position is recognized in the financial statements if it meets a minimum recognition threshold. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more-likely-than-not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2017 and 2016, there were no uncertain tax positions for which a reserve or liability is necessary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Shipping and Handling

The Company records shipping and handling expense in cost of revenue.

Advertising

Advertising costs are expensed as incurred and were $19,515 and $115,580, respectively, for the years ended December 31, 2017 and 2016.

Subsequent Events

Management has performed a review of events subsequent to December 31, 2017 through Report Date, the date the financial statements were available to be issued. During 2018, the Company added one new franchisee.

NOTE 3 – FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise requires the franchisee to pay an initial non-refundable fee, and monthly royalty and advertising fees. Direct costs of operations and servicing of franchise agreements are charged to operating expenses as incurred. The Company added 4 new franchises in 2017 and 16 in 2016. The Company has franchises in Arizona, California, Florida, Georgia, Indiana, Illinois, Kentucky, Michigan, North Carolina, Pennsylvania, South Carolina, Texas, Virginia and Wisconsin.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2017	December 31, 2016
Machinery and equipment	$ 29,154	$ 29,154
Vehicles	70,384	34,248
Furniture and Fixtures	4,307	4,307
	103,845	67,709
Less accumulated depreciation	34,773	19,623
	$ 69,072	$ 48,086

Depreciation expense for the years ended December 31, 2017 and 2016 was $15,150 and $9,763, respectively.

NOTE 5 – NOTES RECEIVABLE

The Company has notes receivable from two franchisees with monthly payments ranging from $398 to $554, including interest at 6%. The notes are due on various dates through November 2019 and are secured by vehicle detailing equipment.

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2017	December 31, 2016
Note payable to the members due in monthly installments of $365, including interest at 4.99%. The note is due in July 2022.	$ 17,079	$ -
Note payable to the members with monthly payments of $1,052, including interest at 8.25%. The note was repaid during the year.	-	17,856
	17,079	17,856
Less current portion	3,605	12,644
	$ 13,474	$ 5,212

Interest expense paid to members for the years ended December 31, 2017 and 2016 totaled $638 and $1,972, respectively.

Maturities of long-term debt for each of the next five years is as follows:

Years ending December 31,	Amount
2018	$ 3,605
2019	3,789
2020	3,982
2021	4,186
2022	1,517
	$ 17,079

NOTE 7 – COMMITMENTS

The Company and a related party through common ownership LLC leased its operations space at various rates ranging from $2,200 to $2,400 per month plus utilities from June 2016 through May 2017. The Company and the related party leased its operations space on month-to-month basis from June 2017 through December 2017. The Company has allocated the total rent based on the square footage that it occupies. Rent expense under this lease allocated to the Company was $11,600 for the year ended December 31, 2017.

The Company entered into an agreement in March 2015 with a third party whereby they are obligated to pay a fee for franchisees that are referred by the third party. The referral fee is based on franchise fees invoiced by the Company from each franchisee. Additionally, the Company pays a monthly fee of $1,375. Total expense related to this agreement was $104,550 and $324,000, respectively for the years ended December 31, 2017 and 2016.

NOTE 8 – LITIGATION

During the year ended December 31, 2017, the Company was involved in legal claims and proceedings that are considered normal to its business. In the opinion of the Company, although the outcomes of any claims and legal proceedings cannot be predicted with certainty, the ultimate liability of the Company in connection with its legal proceedings will not have a material effect on the Company's financial condition but could be material to results of operations in any one accounting period.

UHY LLP
Certified Public Accountants

CONSENT OF INDEPENDENT AUDITOR

UHY LLP consents to the use in the Franchise Disclosure Document issued by DetailXperts Franchise Systems, LLC ("Franchisor") dated August 24, 2018, of our report dated August 24, 2018 relating to the financial statements of Franchisor for the year ended December 31, 2017.

UHY LLP

Farmington Hills, Michigan
August 24, 2018

DETAIL X PERTS FRANCHISE SYSTEMS L.L.C.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

HHM

CERTIFIED PUBLIC ACCOUNTANTS

DETAIL X PERTS FRANCHISE SYSTEMS L.L.C.

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DECEMBER 31, 2019 AND 2018

INDEPENDENT AUDITOR'S REPORT

To the Member
Detail X Perts Franchise Systems L.L.C.
Chattanooga, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Detail X Perts Franchise Systems L.L.C., which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Detail X Perts Franchise Systems L.L.C. as of December 31, 2019 and 2018, 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.

Chattanooga, Tennessee
March 25, 2020

Henderson Hutcherson
& McCullough, PLLC

DETAIL X PERTS FRANCHISE SYSTEM L.L.C.

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 13,613	$ 34,838
Accounts receivable, net of allowance for doubtful accounts	7,061	59,034
Other receivables	4,930	4,930
Inventories	95,754	79,096
Current portion of notes receivable	662	4,154
Total current assets	122,020	182,052
PROPERTY AND EQUIPMENT		
Furniture and fixtures	4,307	4,307
Machinery and equipment	30,245	29,154
Vehicles	115,283	83,684
Total property and equipment	149,835	117,145
Accumulated depreciation	(76,767)	(55,449)
Cost less accumulated depreciation	73,068	61,696
OTHER ASSETS		
Notes receivable, net of current portion	-	10,009
Deposits	400	400
Total other assets	400	10,409
TOTAL ASSETS	$ 195,488	$ 254,157

DETAIL X PERTS FRANCHISE SYSTEM L.L.C.

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

LIABILITIES AND MEMBER'S DEFICIT

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 50,707	$ 8,261
Current portion of notes payable	38,072	27,129
Credit cards payable	142,544	87,373
Accrued expenses	19,987	35,302
Total current liabilities	251,310	158,065
LONG–TERM LIABILITIES		
Notes payable, net of current portion	291,864	293,148
TOTAL LIABILITIES	543,174	451,213
MEMBER'S DEFICIT	(347,686)	(197,056)
TOTAL LIABILITIES AND MEMBER'S DEFICIT	$ 195,488	$ 254,157

The accompanying notes are an integral part of the financial statements.

DETAIL X PERTS FRANCHISE SYSTEM L.L.C.

STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUES		
Initial franchise fees	$ 500	$ 85,500
Equipment and product sales	6,633	60,249
Royalty and other fees	51,441	73,279
Total revenues	58,574	219,028
OPERATING EXPENSES	237,239	374,559
LOSS FROM OPERATIONS	(178,665)	(155,531)
OTHER INCOME (EXPENSE)		
Interest expense	(19,436)	(23,011)
Interest income	167	458
Other income	15,737	3,375
Total other income (expense)	(3,532)	(19,178)
NET LOSS	(182,197)	(174,709)
MEMBER'S EQUITY (DEFICIT) – beginning of year	(197,056)	146,348
Contributions	118,831	123,488
Distributions	(87,264)	(292,183)
MEMBER'S DEFICIT – end of year	$ (347,686)	$ (197,056)

DETAIL X PERTS FRANCHISE SYSTEM L.L.C.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (182,197)	$ (174,709)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	21,318	20,676
Change in allowance for doubtful accounts	18,375	-
(Increase) decrease in operating assets:		
Accounts receivable	33,598	(43,265)
Inventory	(6,979)	(5,023)
Prepaid expenses	-	1,997
Increase (decrease) in operating liabilities:		
Accounts payable	42,446	8,261
Credit cards payable	55,171	(28,094)
Accrued expenses	(15,315)	17,827
Net cash from operating activities	(33,583)	(202,330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,091)	(13,300)
Issuance of notes receivable	-	(7,500)
Proceeds from payments of notes receivable	3,822	8,931
Net cash from investing activities	2,731	(11,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	314,932
Payments on notes payable	(21,940)	(11,734)
Member contributions	118,831	123,488
Member distributions	(87,264)	(292,183)
Net cash from financing activities	9,627	134,503
NET CHANGE IN CASH	(21,225)	(79,696)
Cash - beginning of year	34,838	114,534
Cash - end of year	$ 13,613	$ 34,838
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 19,436	$ 23,011
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Repossession of inventory that was collateral for note receivable	$ 9,679	$ -
Property and equipment purchased directly through notes payable	$ 31,599	$ -

The accompanying notes are an integral part of the financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Detail X Perts Franchise Systems L.L.C. is the master franchisor of a detailing business for washing cars with steam. At December 31, 2019, the Company had twenty-two franchisees in operation. The Company moved its operations from Michigan to Tennessee in December 2015 and has franchises in 14 states.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

Accounts Receivable

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on the history of past write-offs and the anticipated collectability of each account. The allowance for doubtful accounts was $8,265 as of December 31, 2019. Management deemed no allowance for doubtful accounts was necessary at December 31, 2018. Generally, the Company does not require collateral for its accounts receivable, and no interest is charged on delinquent receivables.

Inventories

Inventories are valued at the lower of cost or net realizable value with cost being determined on a "first-in, first-out" (FIFO) basis. Maintenance, operating, and office supplies are generally not included in inventory, but are charged to expense when purchased.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Expenditures for maintenance and repairs are charged to expense when incurred. Upon sale, disposal or retirement of property and equipment, the cost and accumulated depreciation are written off and any gain or loss is included in the statements of operations. Depreciation expense for the year ended December 31, 2019 and 2018 amounted to $21,318 and 20,676, respectively.

Property and equipment are depreciated and amortized on a straight-line basis over the following estimated useful lives:

Furniture and fixtures	7 years
Machinery and equipment	5-7 years
Vehicles	5 years

Income Taxes

The Company has been organized as a limited liability company (LLC) under the Internal Revenue Code and has elected to be treated as a partnership, which is generally not a tax-paying entity for federal or state income tax purposes. Instead, the members of the Company are liable for income taxes on their respective allocation of the Company's taxable income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The benefit of an uncertain tax position is recognized in the financial statements if it meets a minimum recognition threshold. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more-likely-than-not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. There were no uncertain tax positions for which a reserve or liability is necessary for the years ended December 31, 2019 and 2018. The Company's evaluation was performed for the tax years ended December 31, 2016 through December 31, 2019, for the state of Tennessee. These are the years which remain subject to examination by major tax jurisdictions as of December 31, 2019.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which modifies how all entities recognize revenue, and consolidates revenue recognition guidance into one Accounting Standards Codification (ASC) Topic (ASC Topic 606, Revenue from Contracts with Customers). The majority of the Company's revenue is recognized over time based on the transfer of control. In addition, the majority of the Company's contracts do not contain variable consideration and contract modifications are minimal. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded. The majority of the Company's revenue arrangements generally consists of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized is consistent with how revenue is recognized under the new standard.

Revenue Recognition

Revenue includes initial franchise fees, royalty fees, advertising fees, marketing fees and fees related to the sale of equipment and other products necessary to run the franchise. The Company recognizes initial franchise fee revenue when all material services or conditions related to the revenue have been substantially performed or satisfied by the Company. This treatment is in accordance with Accounting Standard Codification (ASC) 952, *Franchisors Revenue Recognition*.

Royalty fees are invoiced monthly based on the franchisee's collections of revenue or a reduced amount determined by the Company. Product sales and related costs are recorded by the Company upon shipment of products to franchisees.

Advertising Costs

Advertising costs are expensed as incurred and were $13,131 and $13,905 for the years ended December 31, 2019 and 2018, respectively.

Shipping and Handling

The Company records shipping and handling expense in cost of revenue.

Concentration of Credit Risk

The Company maintains deposits at a financial institution, whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company's balance on deposit at the financial institution is subject to significant fluctuations throughout the year. The Company does not believe they are exposed to undue risk on cash balances.

NOTE 3 – FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise requires the franchisee to pay an initial non-refundable fee, and monthly royalty and advertising fees. Direct costs of operations and servicing of franchise agreements are charged to operating expenses as incurred. The Company has franchises in Arizona, California, Florida, Georgia, Indiana, Illinois, Kentucky, Michigan, North Carolina, Pennsylvania, South Carolina, Texas, Virginia and Wisconsin.

NOTE 4 – OTHER RECEIVABLES

At December 31, 2019 and 2018, the Company had a balance due from a vendor. The Company has an agreement in place that allows the receivable balance to be offset by future payables to the vendor. The total balance due from this vendor was $4,930 as of December 31, 2019 and 2018.

NOTE 5 – NOTES RECEIVABLE

The Company has a note receivable from a franchisee with a monthly payment of $332, including interest at 6%. The note was paid in full in January 2020 and was secured by vehicle detailing equipment. The note balance was $662 and $4,484 as of December 31, 2019 and 2018, respectively.

The Company had a note receivable from a franchisee with a monthly payment of $398, including interest at 6%. The note had a balance of $9,679 as of December 31, 2018. The Company exercised its right to call the note and take hold of the collateral during 2019.

NOTE 6 – NOTES PAYABLE

A summary of notes payable as of December 31, is as follows:

	2019	**2018**
Note payable to the member due in monthly installments of $365, including interest at 4.99%. The note matures in July 2022.	$ 13,474	$ 13,474
Note payable to the members due in monthly installments of $451 including interest at 0.90%. The note matures in December 2025, and is secured by a vehicle.	31,599	-

(Continued)

NOTE 6 – NOTES PAYABLE (Continued)

	2019	2018
Note payable to Florida Capital Bank N.A. with monthly payments of $3,848 including interest at a variable rate at prime plus 2.75%. The note matures in June 2028 and is personally guaranteed by the members.	292,656	315,512
Total notes payable	337,729	328,986
Debt issuance costs, net of accumulated amortization	(7,793)	(8,709)
Notes payable, net of debt issuance costs	329,936	320,277
Current portion of notes payable	(38,072)	(27,129)
Notes payable, net of current portion	$ 291,864	$ 293,148

Interest expense for the years ended December 31, 2019 and 2018 totaled $19,436 and $23,011, respectively.

Future maturities of notes payable for years ended December 31 are as follows:

2020	$ 38,072
2021	36,485
2022	35,968
2023	36,765
2024	39,257
Thereafter	151,182
	$ 337,729

NOTE 7 – COMMITMENTS

The Company entered into an agreement in March 2015 with a third party whereby they are obligated to pay a fee for franchisees that are referred by the third party. The referral fee is based on franchise fees invoiced by the Company from each franchisee. Additionally, the Company pays a monthly fee of $1,375. Total expense related to this agreement was 35,482 for the year ended December 31, 2018. The Company no longer had this agreement during 2019.

NOTE 8 – OPERATING LEASES

The Company leases its office space from a third party on a year-to-year basis with a base rent of $2,700 per month. This rent expense is allocated between the Company and a related party. Rent expense under this lease agreement totaled $13,500 and $13,500 for the year ended December 31, 2019 and 2018, respectively.

NOTE 9 – LITIGATION

During the year ended December 31, 2019, the Company was involved in legal claims and proceedings that are considered normal to its business. In the opinion of the Company, although the outcomes of any claims and legal proceedings cannot be predicted with certainty, the ultimate liability of the Company in connection with its legal proceedings will not have a material effect on the Company's financial condition but could be material to results of operations in anyone accounting period.

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases, which are to be accounted for in substantially the same manner as the existing accounting for capital leases, and operating leases, which are to be accounted for (both in the statement of income and the statement of cash flows) in a manner consistent with existing accounting for operating leases. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to the Company's financial statements for annual periods beginning after December 15, 2020, with earlier implementation permitted. The Company's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the independent auditor's report (the date which the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of the date of the independent auditor's report, management believes that a material impact on the Company's financial position and results of future operations is reasonably possible.

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW 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 (or 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 or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. (Note: This is required to be disclosed in all filings.) (May be disclosed in Item 17).

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.). (May be disclosed in Item 17).

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 at (indicate site) with the costs being borne by (explanation). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

g. The franchise agreement requires application of the laws of (indicate jurisdiction). This provision may not be enforceable under California law.

h. The earnings claims figure(s) does (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 (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

i. 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.

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

j. Furthermore, if applicable, disclose: 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).

OUR WEBSITE HAS NOT BEEN REIVEWED OR APPROVED BY THE CALIFRONIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

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

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DISCLOSURE DOCUMENT, FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement (s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

In the event of a conflict of laws, the provisions of the Illinois law shall prevail.

In Disclosure Document Item 5 and 7; Franchise Agreement Exhibit B Section 4.1 and Development Agreement Exhibit C Section 2.1, The Illinois Attorney General’s Office has imposed a deferral of initial franchise fees until the franchisee has commenced doing business because of the Franchisor’s financial condition. If a development agreement is being offered, the development fee is deferred until the first franchise is open.

In Franchise Agreement, Section 23.2, the phrase “and agrees that Franchisor will not be liable or obligated for any claims of negligent or fraudulent misrepresentation based on any such verbal representation or commitments” does not apply.

The provision of Section 41 of the Illinois Franchise Disclosure Act that states “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void” applies to both the Franchise and Development Agreement.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____

Its:____

FRANCHISEE

____

Company Name

By:____

Title:______________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF INDIANA

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann.§ 23-2-2.7. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

    a. Sections 16.2(f) and 17.3(d) of the Franchise Agreement are revised so that a prospective general release of claims against Franchisor is not required as a condition for renewal or transfer.

    b. Section 20.2 of the Franchise Agreement and Section 5 of the Nondisclosure and Noncompetition Agreement are revised to provide that post-termination covenants not to compete shall have a geographical limitation of the Territory granted to Franchisee.

    c. Section 22.4 is amended to provide that:

        i. The Franchise Agreement shall be governed by Indiana law and in the event of a conflict of law, Indiana law will prevail.

        ii. The Franchisee may commence litigation in Indiana.

        iii. The Franchisee does not waive the right to trial by jury.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern. To the extent any terms or conditions of the Franchise Agreement conflict with the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the requirements of the Indiana laws shall govern.

The undersigned does hereby acknowledge receipt of this addendum.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____

Its:____

Date:_______________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

FRANCHISEE

____

Company Name

By:______________________________________

Title:_____________________________________

Date:________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF MARYLAND

The risk factors on the State cover page, Items 17(v) and (w), Section 22.4 of the Franchise Agreement and Section 8.3 of the Development Agreement are amended to state that Maryland law governs the Agreement and that the forum for litigation will be in Maryland courts.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

As a supplement to the information disclosed in this disclosure document Item 17, franchise and development agreement to the effect that, 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.

In the event of a conflict of laws, the provisions of the Maryland law shall prevail. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Amend the franchise agreement, development agreement and closing acknowledgement to state: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Addendum in counterparts on the day and year first above written.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:______________________________________

Its:______________________________________

FRANCHISEE

____

Company Name

By:______________________________________

Title:_____________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF MINNESOTA

MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

> that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
>
> that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Based upon the franchisor's financial condition, the Minnesota Department of Commerce-Securities has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

FRANCHISEE

(if a corporation, limited liability company or Partnership)

____
Company Name
By:____
Title:____

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor": However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law": The foregoing choice of law

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

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____

Its:____

FRANCHISEE

____

Company Name

By:____

Title:______________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND OTHER AGREEMENTS

ADDENDUM TO THE DETAILXPERTS FRANCHISE SYSTEMS, LLC DOCUMENTS REQUIRED BY THE STATE OF VIRGINIA

The following statement is added to the Summary column of 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 ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term is defined m the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

DETAILXPERTS FRANCHISE SYSTEMS, LLC
By:____________________________________
Its:____________________________________
FRANCHISEE

____
Individually

____
(Print Name)
OR
(if a corporation, limited liability company or partnership)

____
Company Name
By:____________________________________
Title:____________________________________
Date:____________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT

The state of Washington has a st atute, RCW 19.100.180 which 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. In addition, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchisees, or a violation of the Washington Franchise Investment Protection Action, in Washington.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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.

Sections 17(d) of the Franchise Disclosure Document are revised so that a franchisee may terminate the franchise agreement under any grounds permitted by state law.

In Disclosure Document Item 5 and 7; Franchise Agreement Exhibit B Section 4.1 and Development Agreement Exhibit C Section 2.1, The Securities Division has imposed a deferral of initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. If a development agreement is being offered, the franchisee will pay the development fee proportionally upon the opening of each franchise under the development agreement.

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's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually from 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 does hereby acknowledge receipt of this addendum.

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:____

Its:____

Date:_______________________________________

FRANCHISEE

____

Company Name

By:____

Title:_______________________________________

Date:_______________________________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (the "**Agreement**") is made and entered into effective the ___ day of ___________, 20___ by and between **DETAILXPERTS FRANCHISE SYSTEMS, LLC**, a Michigan Limited Liability Company ("**Company**"), located at 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416 and ____ ("**Associate**"), who resides at ____.

RECITALS

A. The Company has developed methods for establishing and operating franchises for the operation of businesses that sell mobile vehicle wash, detailing and related services ("**DETAILXPERTS Businesses**" or "**Businesses**") which use the service mark "DETAILXPERTS" and related trade names, service marks and trademarks (the "**Marks**").

B. The Company has developed methods for establishing, operating and promoting Businesses pursuant to the Company's distinctive business format, plans, methods, data, processes, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of the Company ("**Confidential Information**") and such Confidential Information as may be further developed from time to time by the Company;

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Company;

D. Associate is or will become involved with the Company in the capacity of an officer, partner, director, investor, agent, employee or as a manager or beneficial owner of the DETAILXPERTS Business franchisee named below ("**Franchisee**") that has purchased the rights to develop a DETAILXPERTS Business ("**Franchised Business**"), or as an immediate family member of the Franchisee, and in such capacity will become privileged as to certain Confidential Information; and

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. <u>Confidential Information</u>. Associate and the Company acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of the Company which are developed and utilized in connection with the operation of the Franchised Business are the Company's Confidential Information. Such Confidential Information is unique, exclusive property and a trade secret (except the Marks) of the Company. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

2. **Operations Manuals and Customer Lists as Trade Secrets.** It is understood that Confidential Information, constituting "trade secrets," as used in this Agreement is deemed to include, without limitation, customer lists, and any and all information contained in the Company's Operations Manual, which may be provided as one or more separate manuals, or instructional guides, as the same are changed or supplemented from time to time, and any information of whatever nature which gives the Company and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such customer lists, materials or information.

3. **Nondisclosure of Confidential Information.** Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation, association, partnership or other entity other than for the use of the Company or the Franchised Business, any of the Confidential Information of the Company or its affiliates.

4. **Noncompetition Covenant.** Associate hereby covenants and agrees that, during the term of the Franchise Agreement governing the establishment and operation of the Franchised Business, except while associated with or operating the Franchised Business in a manner authorized by the Company, neither Associate nor any member of Associate's immediate family, shall:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business;

b. perform services as a director, officer, partner, manager, employee, consultant, representative, agent, investor or otherwise for a Competitive Business; or

c. divert or attempt to divert any business related to, or any customer or account of the Franchised Business, the Company's business or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

The term "**Competitive Business**" as used in this Agreement shall mean any business operating, or any business granting franchises or licenses to others to operate a business, which offers and sells (i) vehicle wash and detailing services or (ii) other products or services the same as or similar to those offered and sold by a DETAILXPERTS Business. Notwithstanding the foregoing, the Franchisee, its owners, members, partners, principals, and if an individual, members of its immediate family will not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent in the aggregate 5% or less of that class of securities issued and outstanding.

5. **Post-Termination Covenant Not to Compete.** Associate covenants and agrees that, for a period of two years after the effective date of termination, transfer or expiration of the

Franchise Agreement for the Franchised Business, or for a period of two years after termination or cessation of Associate's relationship with the Franchised Business, whichever first occurs, neither Associate, nor any member of Associate's immediate family, shall have any direct or indirect interest as a disclosed or a beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within 100 miles of the former Designated Marketing Area or within 100 miles of the Designated Marketing Area of any other franchised, company or affiliate-owned DETAILXPERTS Business. The restrictions of this paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. Associate and its officers, directors, shareholders, beneficial owners, investors, employees, consultants, representatives, agents, managers, members and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of this covenant will not deprive them of their personal goodwill or ability to earn a living.

6. **Injunction.** Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds totaling more than $1,000, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7. **Effect of Waiver.** The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

8. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

9. **Entire Agreement.** This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

10. **Governing Law.** This instrument shall be governed by and construed under the laws of the state of Michigan.

11. **Jurisdiction and Venue.** In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Michigan, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts located in Detroit, Michigan. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts located in Detroit, Michigan. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12. **Severability.** If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

13. **Attorneys' Fees.** In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

COMPANY:

DETAILXPERTS FRANCHISE SYSTEMS, LLC

By:______________________________
Title:______________________________

ASSOCIATE:

____
Print Name:______________________________

CAPACITY WITH FRANCHISED BUSINESS

____
____

NAME OF FRANCHISEE:

____

LOCATION OF FRANCHISED BUSINESS:

____
____

EXHIBIT J
(TO DISCLOSURE DOCUMENT)

DETAILXPERTS FRANCHISE SYSTEMS, LLC

CLOSING ACKNOWLEDGEMENT

A. The following are true and correct:

1. Yes____ No____ I had a face-to-face meeting with a franchise marketing representative.

If yes, the date of said meeting was:____

2. ________________, 20__. The date which I received the Franchise Disclosure Document about the Franchise.

3. ________________, 20__. The date I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed.

4. ________________, 20__. The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt of Prospectus).

5. ________________, 20__. The earliest date on which I delivered cash, check or consideration to the franchise marketing representative or any other person.

B. In order to ensure that your decision to purchase a DETAILXPERTS franchise from DETAILXPERTS FRANCHISE SYSTEMS, LLC ("**DFS**") is based upon your own independent investigation and judgment, please complete and sign this Closing Acknowledgement.

1. I have not received any information, either verbal or written, regarding the sales, revenues, earnings, income or profits of DETAILXPERTS Businesses ("**Businesses**") from any officer, employee, agent or area sales representative of DFS, except as set forth in Item 19 of DFS's Franchise Disclosure Document.

2. I have not received any assurances, promises or predictions of how well my DETAILXPERTS Business will perform financially from any officer, employee, agent or area sales representative of DFS, except as may be set forth in Item 19 of DFS's Franchise Disclosure Document.

3. I have made my own independent determination that I have adequate working capital to develop, open and operate my Business.

4. I am not relying on any promises of DFS which are not contained in the DFS franchise agreement or the most recent Franchise Disclosure Document provided by the Franchisor.

5. I understand that my investment in a DETAILXPERTS Business contains substantial business risks and that there is no guarantee that it will be profitable.

6. I have been advised by DFS and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my DETAILXPERTS Business.

7. I acknowledge that the success of my DETAILXPERTS Business depends in large part upon my ability as an independent business person and my active participation in the day-to-day operation of the Business.

8. The name(s) of the person(s) with whom I dealt in the purchase of my DETAILXPERTS Business is/are ____. I acknowledge that I have listed this/these person(s) on the receipt page of the Franchise Disclosure Document and delivered the executed receipt page to DFS.

Dated: _______________, 20____.

PROSPECTIVE FRANCHISEE

____
Print Name

By:____
Title:____

EXHIBIT K
(TO DISCLOSURE DOCUMENT)

ITEM 23
RECEIPT
(Keep this copy for your records)

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

If DetailXPerts Franchise Systems, LLC offers you a franchise, DetailXPerts Franchise Systems, LLC must provide this disclosure document to you 14 calendar days, unless state law requires a longer period, before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this 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.

Michigan, Oregon, and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, which occurs first.

If DetailXPerts Franchise Systems, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of Federal or State Law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on EXHIBIT A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Emmanuel Williams and Angela Williams, 6121 Heritage Park Drive, Suite A, Chattanooga, Tennessee 37416, telephone (877) 317-9737. If you have had contact with a broker or other franchise seller, please include his or her name, principal business address and telephone number in the following blank: ______________________________________.

DetailXPerts Franchise Systems, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for DetailXPerts Franchise Systems, LLC in the particular state.

Issuance Date: March 25, 2020

I have received a Disclosure Document dated March 25, 2020 and effective in the franchise registration states on the dates noted on the page following the State Cover Page that included the following Exhibits:

A List of State Agencies/Agents for Service of Process
B Franchise Agreement
C Development Agreement
D List of Franchisees
E Franchisees Who Have Left the System
F Financial Statements
G Operations Manual Table of Contents
H State Addenda and Riders to the Disclosure Document, Franchise Agreement, and Other Agreements
I Nondisclosure and Noncompetition Agreement Closing Acknowledgement
J Closing Acknowledgement
K Receipts of Franchise Disclosure Document

______________________________	______________________________
Date	Date
______________________________	______________________________
Prospective Franchisee	Prospective Franchisee
______________________________	______________________________
Print Name	Print Name

RECEIPT
(Return this copy to us)

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______________________	______________________
Date	Date
______________________	______________________
Prospective Franchisee	Prospective Franchisee
______________________	______________________
Print Name	Print Name