

FRANCHISE DISCLOSURE DOCUMENT

GARAGE EXPERTS INTERNATIONAL LLC

a California limited liability company

245 Carl Karcher Way

Anaheim, CA 92801

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Received
LA Mailroom

APR 04 2019

Department of
Business Oversight



GarageExperts®

Flooring · Cabinets · Storage

The franchise offered is for the operation of customized residential garage floor coating and storage solutions, industrial floor coatings for retail stores and commercial buildings, all using the "Garage Experts" system and standards.

The total investment necessary to begin operation of a Garage Experts franchised business is \$51,532 - \$146,044. This includes \$35,377 that must be paid to the franchisor or affiliate. You may purchase additional contiguous territories available for purchase if approved for \$10,000 per territory.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Kristen Jones at 245 Carl Karcher Way, Anaheim, CA 92801.

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 an attorney or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: March 28, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrators listed in Exhibit G for information about the franchisor, about other franchisors, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE LAWS.
2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN TEXAS. OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.
3. YOU MUST MAKE INVENTORY AND SUPPLY PURCHASES FROM OUR AFFILIATE OF \$120,000 ANNUALLY, WHICH INCREASES BY \$5,000 ANNUALLY, EVEN IF YOU DO NOT NEED THE INVENTORY OR A LESS EXPENSIVE SUPPLIER IS AVAILABLE. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>State</u>	<u>Effective Date</u>
California	
Illinois	
Maryland	
Michigan	January 29, 2019
Minnesota	
New York	
North Dakota	
South Dakota	
Virginia	
Washington	

**MICHIGAN ADDENDUM
TO THE DISCLOSURE DOCUMENT**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to 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, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor; (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 obligation 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 this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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

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EXHIBITS:

- A. Franchise Agreement
 - Schedule 1 Trade Area
 - Schedule 2 Franchisee Information
 - Schedule 3 Temporary Trade Area Agreement
 - Schedule 4 Franchisee Information
 - Schedule 5 Guaranty
 - Schedule 6 State Addenda to the Franchise Agreement
- B. Option Agreement
- C. General Release
- D. List of Franchisees
- E. List of Former Franchisees

- F. Financial Statements
- G. State Administrators and Agents for Service of Process
- H. Table of Contents of Manual
- I. State Addenda to the Disclosure Document
- J. Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "we," "us," or "GEI" means Garage Experts International LLC, the franchisor. "You" or "your" means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company or other entity, "you" also includes the franchisee's owners or partners.

We conduct business under the name of our corporation and Garage Experts. We are a California limited liability company, organized on September 22, 2008. We have offered franchises to operate "Garage Experts" businesses ("Businesses") since December 12, 2008. We have not previously engaged in any line of business or offered franchises for Businesses. We have not previously offered franchises in any other line of business, nor do we operate any Garage Expert businesses. We do not have any predecessors.

Exhibit G contains our Agents for Service of Process.

We are a wholly owned subsidiary of GEI Investment Holding, LLC ("GEIH"), a Nevada limited liability company formed on December 20, 2013.

We have affiliates, Versatile Building Products, LLC ("VBP") and VBP Leasing LLC ("VBP Leasing"). VBP is a supplier of installation equipment, computer hardware and software, and garage flooring and other products to franchisees. VBP Leasing does not offer products or services to our franchisees.

Our principal address and that of GEIH, VBP, and VBP Leasing is 245 Carl Karcher Way, Anaheim, CA 92801. Neither GEIH, VBP nor VBP Leasing has offered franchises in this or any other line of business.

You will operate under the "Garage Experts" name and service mark a primarily mobile business offering customized residential garage floor coating and storage solutions, industrial floor coatings for retail stores and commercial buildings. You will sign a Franchise Agreement (Exhibit A) to operate your "Garage Experts" business. In addition, you must maintain an office location ("Office") where you can accept delivery of supplies and products necessary for you to operate your Business. The Office may be located at your personal residence. It may also be a shared office or a warehouse storage unit, provided it must meet our policies and must be approved by us.

The market for a "Garage Experts" business is well developed and primarily targets residential homeowner customers. Sales are year-round.

Your Franchised Business may be subject to industry specific laws and regulations which (a) require a contractor or other state or local license; (b) establish standards, permitting restrictions and requirements and other specifications for the construction, design, maintenance and operation of the business premises; (c) establish standards, permitting restrictions and requirements relating to the construction and design of residential garage renovations and

improvements; (d) establish standards, licensing, and insurance requirements related to the operation of vehicles; and (e) establish procedures for the disposal of hazardous and other wastes. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. We do not assume any responsibility for advising you on these regulatory matters. You should investigate the state and local laws that will apply to your Franchised Business by consulting with your attorney.

You will compete with other business offering similar products and performing similar services, both other franchised companies and individual businesses.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Mike Meursing

Mr. Meursing has served as our Chief Executive Officer since our formation on September 22, 2008. He is also the founder of VBP and has served as its Chief Executive Officer since its formation in 1999.

Controller: Gary Evans

Mr. Evans has served as the Controller for VBP and us since March 2014. From January 2004 until March 2014, Mr. Evans served as the Controller for Advantage Sales & Marketing in Irvine, California.

Vice President of Operations: Richard Van Bergh

Mr. Van Bergh has served as our Director of Operations since September 2013. Mr. Van Bergh also serves as Director of Operations for VBP since September 2013. Prior to joining VBP, Mr. Van Bergh was General Manager of Modern Concepts Permalite in Rancho Dominguez, California from 2010-2013.

Franchise Director: Alfredo Miro III

Mr. Miro has served as our Franchise Director since July 2018. From July 2011 until July 2018, Mr. Miro served as a Regional Manager for 1-800-GOT-JUNK?, a subdivision of O2E Brands, in Vancouver, British Columbia.

Franchise Development Account Manager: Kristen Jones

Mrs. Jones has served as Franchise Development Account Manager for us since September 2018. Mrs. Jones had served as Franchise Developer for us from December 2015 to September 2018. Prior to that, Ms. Jones served as a Customer Service Representative at our affiliate, Versatile Building Products, in Anaheim, California from December 2014 to November 2015.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this item.

ITEM 5 INITIAL FEES

The initial franchise fee for a new franchise is \$15,000 per territory with additional contiguous territories available for purchase if approved for \$10,000 per territory.

We offer a 10% discount on the initial franchise fee for a Veteran honorably discharged from any branch of the U.S. armed forces within ten (10) years of applying for a franchise with us.

The initial franchise fee for the number of territories purchased, with one as a minimum, is due to us in full when you return to us signed copies of your Franchise Agreement, and before you attend initial training.

The Initial franchise fee is fully earned when paid and are not refundable.

In addition, if you do not earn total gross sales of \$750,000 in the first three years of operation following the effective date of this Agreement, and you have been operating in compliance with your Franchise Agreement and our Operations Manual, then we will refund to you \$15,000 of initial franchise fee through a Royalty Holiday, meaning that you will not pay Continuing Royalties of \$1,800/month for 8 1/3 months.

Installation Equipment and Computer Hardware and Software. You must also pay to our affiliate, Versatile Building Products, LLC ("VBP") approximately \$20,377 for installation equipment and computer hardware and software. These fees are refundable, less a 20% restocking fee, if you return these items unused to VBP.

Option Fee. We may allow you to enter into an Option Agreement for the one year right to purchase one or more additional territories for \$2,500 per territory. We credit the \$2,500 Option Fee against your Initial franchise fee if you purchase the Territory. We refund the Option Fee to you if we cancel the Option Agreement before the one-year term has expired because we have decided to sell the territory to another prospect. See Exhibit B.

**ITEM 6
OTHER FEES**

Type of fee (Note 1)	Amount	Due Date	Remarks
Minimum Purchase Requirements (Note 1)	\$120,000 per year per Territory	As invoiced	You must purchase from VBP these amounts of cabinets, floor coatings, floor coverings, racking, modular storage systems, accessories, specialized application tools, industrial floor coatings, and supplies during each "Agreement Year" of your Franchise Agreement. You must increase your purchase amount \$5,000 annually. The Minimum Purchase Requirements will apply regardless of whether you choose to maintain an inventory. VPB offers a 12% discount on product purchases of products that it manufactures and a Discount reward Badge program that may lower this cost. Franchise Agreement ("FA") Sec. 2.4.1.
Renewal Fee	\$5,000 for 1 territory; \$2,500 for any additional territories you may own	Upon signing a successor franchise agreement	Provided that we are then offering franchises in the same state in which the Trade Area is located, you shall have the right at the expiration of the term to enter into a new then current franchise agreement. FA Sec. 3.2.
Fee to Cure Breach of Lease	Actual expenses incurred	Upon demand	Any sum expended by us or the power of attorney to cure your breach of your Lease shall be deemed additional sums due us. FA Sec. 4.1.5.
Required Equipment	All required equipment, inventory, supplies, materials, and signs shall be obtained by you at your sole cost.	Upon Demand	Following the Effective Date, we shall provide you with copies of the Policies for required equipment (including computer equipment), inventory, supplies, materials, and signs. You shall at your sole cost promptly obtain such items, unless we shall, in writing, agree to modifications thereof. FA Sec. 4.2.1.
Continuing Royalty	You pay a monthly continuing royalty as follows: - \$500 for first 6 months after the Effective Date of	Payable by the 15 th day of each calendar month.	Royalty is for any whole or partial month. FA Sec. 5.2. In addition, if you do not earn total gross sales of \$750,000 or more in the first three years of operation following the effective

Type of fee (Note 1)	Amount	Due Date	Remarks
	your Franchise Agreement; - \$800/month for months 7-12; \$1,200/month for months 13-18; \$1,800/month thereafter.		date of this Agreement, and you have operated in compliance with your Franchise Agreement and our Operations Manual, then we will refund to you the \$15,000 initial franchise fee through a Royalty Holiday, meaning that you will not pay Continuing Royalties of \$1,800/month for 8 1/3 months. FA Sec. 5.2.1.
National Advertising Fee	\$500/month until our US franchisee territory count is 125 or more, then \$1,000/ month	Monthly	You agree to pay this fee to us after your territory has been operational for one year. Once we have achieved a given tier in the advertising fee schedule, we will not revert to a prior tier even if the number of franchises decreases. FA Sec. 5.3.1.
Hotspot and Cellular Phone Number Fee	Approximately \$50-\$100 per month	Monthly	You must obtain and pay a third-party vendor for a hotspot and cellular telephone per our guidelines. FA Sec. 5.3.2.
Trackable Phone Numbers	\$2 per number plus 6 cents per minute for regular phone numbers and \$4 per number plus 10 cents per minute for toll free numbers	End of each calendar year	You must pay to us our current fees for Trackable Phone Numbers to monitor the source of incoming calls. FA Sec. 5.3.3.
Amounts Advanced	You shall pay to us all amounts advanced by us or which we have paid on behalf of you for any reason whatsoever	On demand	You shall pay to us all amounts advanced by us or which we have paid, or for which we have become obligated to pay on behalf of you for any reason whatsoever. FA Sec 5.4.1(a).

Type of fee (Note 1)	Amount	Due Date	Remarks
Trade Area Infringement Fee	1st Violation: \$500 plus invoice amount of goods or services provided and/or rendered within the other franchisee's trade area. 2nd Violation: \$1,000 plus invoice amount of goods or services provided and/or rendered within the other franchisee's trade area. 3rd and Subsequent Violations: \$5,000 plus invoice amount of goods or services provided and/or rendered within the other franchisee's trade area.	On demand and within 5 days of receiving a written demand	For purposes of the Infringement Fee, trade area infringement occurs if you generate income from a customer by receiving payment for goods and/or services provided and/or rendered within the trade area of another Garage Experts franchisee, without first obtaining written permission from us and that franchisee. As provided in Section 15.2.3 of the Franchise Agreement, we may also terminate your franchise if you infringe on the trade area of another Garage Experts franchisee 3 or more times during the term of your Franchise Agreement. If you receive leads for customers located in another franchisee's trade area, you may offer such leads to the franchisee in whose trade area the customer resides only in accordance with our then current Policies, which may include restrictions on the referral fees, if any, that you may request or receive. FA Sec. 5.5.
Non-Compliance Fees (Note 2)	Please see Note 2 below this table for amounts	As incurred	If you do not comply with certain sections of your Franchise Agreement, you agree to pay these fees to us. FA Sec. 5.6.
Call Center Fees	Currently projected at \$1.40 per minute of call time	Monthly	You agree to use our Call Center to handle your incoming digital and telephone customer leads, pursuant to our guidelines. You agree to pay to us or a third party such fees as we charge from time to time for these services. FA Sec. 5.7.
Late Fee	\$50 plus \$20 per day payment is late.	Upon demand	Due only if you are late in paying any amounts owed to us. FA Sec. 5.10.
Charges for unpaid checks, drafts or electronic payments	Our costs and expenses arising from the non-payment, including bank fees in the	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise. FA Sec. 5.10.

Type of fee (Note 1)	Amount	Due Date	Remarks
	amount of at least \$50		
Client Refunds	Actual amount of refund	Upon demand	If you do not resolve a customer service complaint and we believe a reasonable basis exists for a refund to the customer of all or a portion of the customer's fees, then we may make the refund and bill you. You agree to pay the charges. FA Sec. 5.11.
Brand Reputation Protection Fee	\$20 per month on your first territory \$10 per month per territory on additional territories	Monthly	You agree to pay to us \$20 per month on the first territory you own and \$10 per month on each additional territory you own so that we may reimburse customers with complaints on territories that are closed and protect the goodwill of our brand name. FA Sec. 5.12.
Training Courses	Our then-current charge, currently \$0 per person per day.	As requested	We provide an initial training program and additional training programs upon request (and subject to our scheduling requirements) for up to 2 persons at no charge. We may charge a fee for any additional personnel that attend the initial training program. You must pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at any additional training courses or annual conventions. FA Secs. 6.1-6.5. If any advice, consultation or training is provided at your request or if we determine that the Franchised Business is not being operated in accordance with the Policies or this Agreement, we may require you to pay such charges as may then be in effect, and to reimburse us for all travel expenses and similar costs incurred by us and our personnel in connection with such advice, consultation, or training. FA Secs. 6.2.1, 6.3.3.

Type of fee (Note 1)	Amount	Due Date	Remarks
Annual Convention Attendance Fee	\$500 per person	Before attending	You must pay to us \$500 per person to attend our Annual Convention. FA Sec. 6.5.
3-d Software Support Fee	\$250 (or then-current price)	Annually	You pay this fee to our affiliate, VBP, for 3-d software support. FA Sec. 7.5.2.
National Account Administration Fee	Not to exceed 10% of Gross Sales which you earn resulting from performance of services to National Accounts	On demand	Payable only if you elect to participate in our National Account program and you service National Accounts in your Trade Area. FA Sec. 7.11.
Local Advertising	During each calendar quarter, you shall expend an amount equal to not less than 5% of your Gross Sales for the preceding calendar quarter for permitted local advertising and promotion related to the Franchised Business.	Each Calendar Quarter	Local advertising does not include the cost of your listings in any telephone or internet directories distributed or available in your Trade Area. FA Sec. 8.2.
Promotional Materials	Then-current price	On demand	Typically between \$.16 and \$200 per item. You must participate in promotional campaigns we may establish. FA Sec. 8.3.
Supplier Approvals	All costs that we incur to review and evaluate the proposed Supplier, typically between \$1,000 and \$5,000.	On demand	Payable by your or the proposed Supplier only if you ask us to approve a Supplier. FA Secs. 10.3.2., 10.3.4.
Modification of Marks	Your actual cost incurred to change Marks, commercial symbols, or trade dress	Within 60 days after notice by company	From time to time, we may add to, delete or modify any or all of the Marks and Trade Dress. You shall use, or cease using the Marks and/or trade dress at your expense. FA Sec. 12.6.

Type of fee (Note 1)	Amount	Due Date	Remarks
Transfer / Assignment	\$5,000 plus our then-current training fees, plus our out of pocket costs travel expenses	Upon submission of your request to transfer or assign.	Payable when you transfer your franchise or upon any "Assignment" as defined in the Franchise Agreement. If we determine that the transferee/assignee must successfully complete the initial training program. FA Secs. 14.2.1(m)-(n).
Change in information of a business entity franchisee	\$2,500	On demand	Information regarding the owners and principal officers of entity franchisees must be updated when changes occur by revising Schedule 2 to the Franchise Agreement. FA Sec. 14.4.
Default Reimbursement	Actual costs incurred	Within 5 days after you cure the default	You must reimburse our costs and expenses arising from your default under the Franchise Agreement, including reasonable legal fees and reasonable hourly charges of our administrative employees. FA Sec. 15.4.
Termination	All amounts owing to us and our Affiliates	Upon termination or expiration of Franchise Agreement	Upon termination or expiration of Franchise Agreement, we may retain all fees paid pursuant to the Agreement and you shall immediately pay any and all amounts owed by you to us. FA Sec. 16.1.3.
Insurance	Then-current Price	When incurred	You shall obtain and maintain insurance which designates us and our designated Affiliates as additional named insureds, with an insurance company approved by us in the minimum coverage types and levels, deductible maximums, and policy limits as specified in the Manuals. FA Sec. 17.1.
Attorney Fees and Expenses	Attorney fees and expenses	When incurred	If we are a substantially prevailing party as to any Claims, you agree to reimburse us our attorney fees and costs. FA Sec. 20.10.

Type of fee (Note 1)	Amount	Due Date	Remarks
Option Fee	\$2,500 per territory	At time of execution of Option Agreement	We may allow you to enter into an Option Agreement for the one year right to purchase one or more additional territories for \$2,500 per territory. We credit the \$2,500 Option Fee against your Initial franchise fee if you purchase the Territory. We refund the Option Fee to you if we cancel the Option Agreement before the one year term has expired because we have decided to sell the territory to another prospect. Exhibit B.

Note 1- All fees are uniformly imposed, collected by and are payable to us by credit card. All fees are non-refundable.

Note 2- Non-compliance fees are as follows, per occurrence:

Non-Compliance	2 nd Offense	3 rd Offense
Misuse or nonuse of GE software (Franchise Central, Cabinet Vision)	\$500	\$1,000
Not following brand standards (see brand standards guidelines manual)	\$500	\$1,000
Not turning in financials	\$500	\$1,000
Performing Cash Jobs and not recording them	\$500	\$1,000
Non-Compliance of Operations Manual	\$500	\$1,000
Purchase and use of non-VBP products	\$500 and reimbursement to VBP for lost gross revenue	\$1,000 and reimbursement to VBP for lost gross revenue

[remainder of page intentionally left blank]

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT*

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	\$15,000	\$15,000	Check	Upon signing franchise agreement	Us
Equipment, Furniture, Fixtures, and Signage (2)	\$17,772	\$27,044	Check or Charge	Before Opening	Third party suppliers and VBP
Garage Experts Vehicle(s) (3)	\$0	\$60,000	Check or Charge	Before Opening	Auto Dealer
Computer Hardware and Software (4)	\$4,060	\$5,000	Check or Charge	Before Opening	VBP
Cellular phone and a mobile wireless hotspot	\$300	\$500	Check or Charge	Before and After Opening	Third party vendors
Wages, Travel and Living Expenses During Training (5)	\$1,500	\$5,000	Check or Charge	As incurred	Airlines, hotels, restaurants and employees
Leasing Costs (6)	\$0	\$3,500	Check or Charge	Before Opening	Landlord
Advertising (7)	\$6,000	\$10,000	Check or Charge	As Incurred	Media and other suppliers
Insurance Deposits and Premiums (8)	\$200	\$1,000	Check or Charge	As Arranged	Insurance Companies
Licenses and Permits	\$100	\$1,500	Check or Charge	Before Opening	Governmental Agencies
Professional Fees	\$1,500	\$5,000	Check or Charge	As incurred	Attorneys, CPA's, etc.
Miscellaneous Supplies	\$100	\$500	Check or Charge	As incurred	Third Party Vendors
Additional Funds (9) – 3 months	\$5,000	\$12,000	Check or Charge	As incurred	Employees, suppliers,

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
					utilities, landlords, etc.
TOTAL (Note 16 & 17)	\$51,532	\$146,044			

*None of the fees paid to us in this chart are refundable. The fees paid to VBP are refundable, less a 20% restocking fee, if you return items purchased from them in new condition. Whether such fees paid to third parties are refundable would depend upon the policies of the third parties.

1. We offer a 10% discount on the initial franchise fee for a Veteran honorably discharged from any branch of the U.S. armed forces within ten (10) years of applying for a franchise with us.

2. You will pay approximately \$20,376 of this amount to our affiliate, VBP, for installation equipment, computer equipment and the remainder to third party vendors.

3. You must own, purchase or lease the number of vehicles ("Vehicles") meeting our standards and specifications on which the Garage Experts advertising wrap is are placed that are needed to enable you to meet customer demand. These figures include the estimated upfront costs and the first three months' payments (a total of \$700) to lease a vehicle if you do not already have one, as well as the estimated cost to make certain modifications and additions to the vehicle(s) as we require, including, installing decals, vehicle wraps, logos, and racks. Your costs may vary.

4. This estimate includes the cost of a laptop, designer software and a small color printer. We have not included the cost of required hardware and software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software.

5. You must pay the expenses of person attending the Initial Training Program including transportation, lodging, meals and wages. The amount will depend, in part, on the distance the attendees must travel and the type of accommodations you choose. The estimates above contemplate the training of 2 persons for 5 days in Anaheim, California.

6. If you lease warehouse or office space for your operations, you will incur costs for a security deposit and rent.

7. This estimate covers a start-up advertising budget for marketing supplies, shirts, brochures, samples, online advertising, and other advertising.

8. This is an estimated down payment against the annual premiums you must pay for the insurance required under the Franchise Agreement and Manuals. This estimate is for

workers' compensation, errors and omissions, automobile, and comprehensive general liability insurance.

9. These figures are estimates of your initial expenses covering the first three months of your operation, which we base upon our years of experience with this franchise concept. We cannot guarantee that you will not have additional expenses starting the business. Do not construe the estimates as a break-even point. Your costs will depend on: how well you follow our methods and procedures; your management skills; experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased:

Advertising

Local Advertising: You must advertise using our pre-approved templates or submit proposed advertising to us to approve before you use it.

Ancillary Products

We may designate certain products, tools, accessories, raw materials, fixtures, furnishings, equipment, uniforms, supplies, packaging, forms, computer hardware, software, modems and peripheral equipment and other products, supplies and equipment, other than Designated Products, which you may or must use and/or offer and sell in connection with your Business ("Ancillary Products"). You may, but are not required to, purchase Ancillary Products from us or our affiliates. You may use, offer or sell only the Ancillary Products that we have expressly authorized. You may purchase authorized Ancillary Products from us, our affiliate or a producer, manufacturer, distributor, or supplier ("Supplier") that we designate or approve.

Except for products you sell to National Accounts, you may only sell products at retail, and not for resale. All containers, packaging, and similar products must conform to our specifications, be purchased from us or a Supplier, and, if we require, must be imprinted with our marks.

Computer Equipment & Software

You must obtain the "Computer System" as detailed in the Manuals. The POS System must be capable of accessing the Internet via a third-party network. You must obtain all software and hardware that we specify, including 3-d software, from our affiliate, VBP. 3-d software is a computer assisted design ("CAD") software that allows you to show visuals to a customer of what requested products, such as a cabinet, will look like actually installed in their home or place of business.

Hotspot and Cellular Phones

We require you to obtain a cellular phone and a mobile wireless hotspot pursuant to our specifications. You will have to pay a monthly fee to a third-party vendor for this service.

Insurance

You must purchase and maintain insurance that we specify. All policies must name us and our designated affiliates as an additional insured and you must furnish up proof of coverage. You may obtain additional insurance coverage as you feel necessary. You may purchase your insurance from any carrier rated A- or better subject to our approval, not to be unreasonably withheld. Here are our present insurance specifications:

Type	Amount
Comprehensive General Liability Insurance	\$1,000,000 per occurrence/ \$2,000,000 aggregate
Additional Comprehensive General Liability Insurance	\$1,000,000
Employer's Liability, Worker's compensation, and Occupational Disease Insurance	\$1,000,000
Care, Custody, or Control Insurance (optional)	\$150,000
All-Risk Property Insurance (optional)	80% of the replacement cost of the building; 100% of the replacement costs of the contents

Merchandise, Materials, Supplies and Services

You will offer, design, sale and install customized residential garage storage systems, decorative concrete coatings, garage floor coatings, and industrial floor coatings that we authorize and which are subject to change ("Authorized Products and Services"). You must offer all and only the Authorized Products and Services under the specific name we designate. You may not provide, produce, advertise or sale, sell or give away any goods or services unless the same has been approved by us as an Authorized Product. Authorized Products and Services may vary among Businesses, and may vary depending on the geographic location of your Trade Area. We may periodically change the Authorized Products and Services and you must stop offering any Authorized Product or Services within 30 days if we notify that such product or service is no longer authorized.

All Authorized Products and Services that you offer must be of the highest quality, and the installation composition, specifications, construction and craftsmanship of the Authorized Products and Services must conform with applicable laws, and any instructions that we provide or that are in the Manuals.

You must use your best efforts to aggressively market and sell Authorized Products and Services and to capitalize on the full potential of your Business throughout your Trade Area.

At all times during the term of your Franchise Agreement, you must purchase and maintain in inventory the types and quantities of Designated and Ancillary Products as are needed to meet

reasonably anticipated consumer demand. It is contemplated that you will order inventory on an as needed basis as you make sales to customers, so you will not need to store substantial amounts of inventory. The Minimum Purchase Requirements will apply regardless of the amount of inventory you choose to maintain.

We may periodically require that you purchase, use, offer, promote and/or maintain in stock products, floor coatings, floor coverings, racking, cabinets, storage units, tools, accessories, raw materials, fixtures, furnishings, equipment, uniforms, supplies, packaging, forms, computer hardware, software, modems and peripheral equipment and other items, which are produced or manufactured in accordance with our proprietary specifications and/or formulas, and which we select as designated products ("Designated Products"), and specified products that bear the "Garage Experts" mark or marks ("Garage Experts Brand Products"). You must purchase Designated Products and Garage Experts Brand Products only from us or our affiliates (if they sell the same) or from parties we designate.

National Warranty Program

We may establish and maintain a national warranty program as we deem appropriate. At this time, we have not established such a program. If we establish a warranty program, you must deliver the national warranties to your customers on the forms, terms and conditions we specify. You must perform promptly all of the terms and conditions of all warranty programs which we specify, including after termination or expiration of your Franchise Agreement. If, following expiration or termination of your franchise agreement, you fail to perform warranty work within 10 days after notice of the need to perform warranty work for any of your customers, you must immediately reimburse us for all costs and expenses related to the warranty work.

Real Estate

Your Office must meet our standards and specifications. Your Office may be located in your home, at a shared executive office or at a warehouse storage unit, so long as it meets our standards and policies. It is contemplated that you will order inventory on an as needed basis, subject to the minimum purchase requirements described below, so you will not normally need to store substantial amounts of inventory. If you do not have a location for your Office when you sign your Franchise Agreement, you must promptly locate a site for your Office. You are solely responsible for locating the site for your Office, subject to our acceptance.

You must be able to accept delivery of the goods and products necessary to operate your business at your Office.

Trackable Phone Numbers

You must purchase Trackable Phone Numbers from us in order that you and we may track the source of your incoming calls (e.g., from your vehicle wrap, from certain online advertising, etc.).

Vehicle and Wrap

You must purchase and wrap a vehicle to operate this business. We require you to adhere to vehicle specifications, which may include a vendor designation.

Whether We or Our Affiliates Are Approved Suppliers:

We are an approved supplier of advertising material, but not the only approved supplier. We are the only approved supplier of Trackable Phone Numbers. Our affiliate, VBP, is a supplier of installation equipment, embroidered apparel, and computer hardware and software, but not the only approved supplier (except as to computer design software). VBP is an approved, and the only approved supplier of computer design software and all floor coatings, cabinets, garage storage racks, slatwall, hooks and accessories.

Officer Interests in Suppliers:

Our officer, Mike Meursing, owns an interest in us and VBP.

Alternative Suppliers:

If you want to purchase products from a supplier that we have not designated or approved, you may request, in writing, that we approve the supplier and you or the supplier must reimburse us all of our reasonable costs incurred in reviewing the proposed supplier, including travel expenses related to inspecting, re-inspecting and auditing the Supplier's facilities and equipment, and all product testing costs paid by us to third parties. We will evaluate the supplier to determine whether, in our sole discretion, the supplier and its products are of the quality and standards we require. We may revoke our approval of a supplier at any time. We may, but are not obligated to, publish the standards to which we measure our suppliers. At your request, we will provide the general, but not the manufacturing specifications for Ancillary Products if the specifications are not contained in the Manuals. We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information. If we do not deliver a written approval within 60 days, the Supplier shall be deemed disapproved.

Issuance and Modification of Specifications:

We issue and modify specifications to franchisees and approved suppliers in our Operations Manual or other informational bulletins.

Revenue from Required Purchases:

We and our affiliates derive revenue from required purchases or leases by franchisees, if purchased from us or our affiliates. During the fiscal year ending December 31, 2018, we derived \$386,900 from required purchases from franchisees representing 24.3% of our total revenue of \$1,591,102.

During the fiscal year ending December 31, 2018, our affiliate, VBP received \$7,738,004 from required purchases from franchisees.

Required Purchases and Leases as a Proportion of Costs:

We estimate that 80-90% of your expenditures for leases and purchases in establishing your Business and on an ongoing basis during the operation of your will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications, or which must be purchased from suppliers which we designate or approve).

Supplier Payments to Us:

Our affiliate, VBP, pays to us 5% of the gross revenues of product sales to franchisees.

Purchasing or Distribution Cooperatives:

We do not have purchasing or distribution cooperatives, but reserve the right to form them.

Purchase Arrangements:

We may negotiate volume buying arrangements with suppliers for the benefit of franchisees.

Material Benefits:

Except for your Minimum Purchase Requirements, we do not provide or withhold material benefits to you based on your use of designated or approved suppliers, but we may either require you to purchase replacement products from a designated or approved supplier or terminate your Franchise Agreement if you purchase from unapproved sources in violation of your agreement. Also, you must be in compliance with your Franchise Agreement in order to be eligible to renew it.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section In Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 4.1	Items 8 and 11
b. Pre-opening purchases/leases	Sections 4.1 and 4.2	Item 8
c. Site development and other pre-opening requirements	Sections 4.1 and 4.2	Items 7 and 11
d. Initial and ongoing training	Article 6	Item 11
e. Opening	Section 4.4	Item 11

Obligation	Section In Franchise Agreement	Disclosure Document Item
f. Fees	FA Sections 2.4.1, 3.2, 12.6, 15.4, 16.1.3, 17.1, 20.10 Articles 4, 5, 6, 7, 8, 10, 14 Exhibit B	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operating Manual	Article 7	Item 11
h. Trademarks and proprietary information	Article 12	Items 13 and 14
i. Restrictions on products/services offered	Sections 7.3, 7.4, 7.10, 7.11 and 9.2	Item 16
j. Warranty and customer service requirements	Sections 7.3, 7.12 and 16.1.9	Item 8
k. Territorial development and sales quotas	Section 2.4	Item 12
l. Ongoing product/service purchases	Section 2.4; Article 10	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 4.3	Item 8
n. Insurance	Article 17	Items 6 and 8
o. Advertising	Article 8	Items 6 & 11
p. Indemnification	Sections 12.4, 14.2, 18.1 and 18.2	Item 6
q. Owner's participation/management/staffing	Section 7.2	Items 11 and 15
r. Records/reports	Article 11	Item 6
s. Inspections/audits	Article 11	Items 6 & 11

Obligation	Section In Franchise Agreement	Disclosure Document Item
t. Transfer	Article 14	Item 17
u. Renewal	Sections 3.2, 3.3 and 3.4	Item 17
v. Post-termination obligations	Article 16	Item 17
w. Non-competition covenants	Section 13.1	Item 17
x. Dispute resolution	Article 20	Item 17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Before you open your business, we will:

Location of Office. Provide site selection assistance. (Franchise Agreement, Section 4.1).
Operations Manual. We will provide to you an Operations Manual ("Manual"). (Franchise Agreement, Section 6.3.2).

Vehicles. We will provide you with our guidelines and specifications for Vehicles, which may include requirements relating to make, model, year, and color. (Franchise Agreement, Section 4.2)

Design Assistance. We will provide a copy of our basic specifications for your Vehicle(s). You are responsible for modifying and maintaining your Vehicle. (Exhibit A, Section 4.3)

Training. We provide an initial training program described below. (Franchise Agreement, Section 6.1)

Site Selection.

If you have not found a location for your Office when you sign the Franchise Agreement, you must promptly (within 30 days) locate a site within your Trade Area for your Office which meets our current standards and specifications. Your Office may be located in your personal residence, at a shared executive office or at a warehouse storage unit, so long as it meets our then-current standards and specifications. We provide to you criteria to help you select a site and must approve any site you select before you sign a lease for that location. We do not generally own the premises and lease it to you. We do not select the site. We consider the following factors in approving your site selection: suitability for the franchise purposes, location within the territory, and other pertinent criteria. We will typically approve or disapprove a proposed site within 14 days of your submission to us of the pertinent information on the proposed site. In the unlikely event that you and we cannot agree on a site, then we can terminate the franchise agreement, or allow you more time to search for a site that we can agree upon.

Time to Open

We estimate the typical length of time between signing a Franchise Agreement and opening a new Business is between 30 and 60 days after you sign your Franchise Agreement. Factors affecting this length of time (and which may extend it beyond the range given) can include your ability to locate an acceptable site for your Office, obtain a lease, financing, building permits, zoning compliance and/or variances, local ordinances, weather conditions which might affect construction, shortages, delayed installation of equipment, fixtures and signs, obtaining leases and/or financing for your Vehicles, and how soon you can begin to receive training.

Obligations After Opening.

During the operation of the franchise business, we will:

1. You may, at no additional charge, request assistance and advice from our headquarters staff, field representatives, training staff and other designated representatives with respect to technical and sales support and general advice and assistance relating to the operation of your Business by telephone, electronic mail, facsimile or other means of communication. If you reasonably request, we will give you additional assistance and advice to help you operate your Business. If any advice, consultation or training is provided at your request or if we determine that your Business is not being operated in accordance with our policies, you must reimburse our expenses. (Franchise Agreement Section 6.3)

2. Provide a listing on our web site; access to our customer management and marketing database software to use for managing leads, including our Facebook and equivalent social media sites for postings; the right to purchase "Garage Experts" branded marketing literature, signs, shirts, and other designated or approved marketing or promotional items and Garage Experts Brand

Products; and a 12% discount on all qualifying materials manufactured by VBP that you purchase from our affiliate's website, (Franchise Agreement Section 6.3)

3. We will periodically designate products and services as "Authorized Products and Services" and we will periodically designate certain products as "Designated Products" or "Ancillary Products" which you must provide. (Exhibit A, Sections 7.3, 10.2 and 10.3)

4. We have established an Intranet site, presently called "Franchise Central," which will be used as a central place to communicate with customers, log calls, estimates and track advertising costs along with sales pipeline. We have sole discretion and control over all aspects of the intranet site, including content and functionality. We may also choose to dismantle it any time. (Exhibit A, Section 7.12)

5. We will approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising. (Franchise Agreement, Section 8.1). The materials will be deemed disapproved if we have not approved the materials within 15 days of your submission.

National Accounts.

National Accounts are: any (i) potential or existing commercial customer that has multiple sites, offices, or retail premises; (ii) home improvement retail or wholesale outlet, regional home improvement or hardware store, design center, department store or "membership based retailer," such as Costco or Sam's Club; (iii) construction company, contractor, homebuilder and/or (iv) related business whose clientele include potential customers for Authorized Products and Services. To competitively attract and effectively service National Accounts, we may establish policies governing the manner that National Accounts are solicited and serviced, including reserving the exclusive right to solicit, enter into and administer national or regional contracts with National Accounts. You may not solicit National Accounts without our written consent. We will offer you the opportunity to service the office, facility, service or operation of the National Account located in your Trade Area. If you agree to participate in the National Account program you may service the National Account(s) located in your Trade Area. You must comply with all policies that we establish in connection with National Accounts. We do not represent or guarantee that any specified amount of National Account business will be provided within your Trade Area. If you elect not to participate in the program for a National Account, we may, without compensation to you, offer the arrangement with the National Account to another franchisee or service the National Account ourselves. (Franchise Agreement Section 7.11)

Advertising

Advertising Program (Franchise Agreement Section 5.3.1).

You must pay to us a monthly National Advertising Fee as to a franchise territory in which you or a prior franchisee has operated a Garage Experts franchised business for 12 months of \$500 per month; and \$1,000 per month when our US franchisee count is 125 or more. Once we have achieved a given tier in the advertising fee schedule, we will not revert to a prior tier even if the number of franchises decreases. We may use the National Advertising Fees on a Call Center,

national, regional, or local advertising, marketing, public relations, marketing research, in-house staff that are dedicated to creating content used for advertising and promotions, including a share of corporate overhead, and marketing to sell franchises, not to exceed 15% of the amount of National Advertising Fees received in any given year. We are not required to spend any particular amount of National Advertising Fees in your territory or area. We may source advertising material in-house or from regional or national advertising agencies. Franchisor controlled outlets are not required to contribute National Advertising Fees.

The receipt and expenditures of National Advertising Fees are audited as part of our annual audit. You may request an accounting of the advertising fund by making a written request to our President.

In the last fiscal year ended December 31, 2018, we raised \$208,150 in National Advertising Fees and spent \$201,185.03. 100% was spent on Social Networks, Search Engines and ad agencies to manage ads and social posts. \$6,964.97 of our 2018 National Advertising Fees will be carried forward to the 2019 year.

In the event that we do not spend all advertising fees raised in a given year, we will carry over and apply those fees to the next fiscal year.

Local Advertising (Franchise Agreement Section 8.2)

You must spend at least 5% of Gross Sales on local advertising and promotion ("Local Advertising") conforming to our policies and standards. All advertising and promotion must be conducted in accordance with our policies and you may not use or publish any advertising material that does not conform to our policies.

Internet

We have the sole right to register the Internet domain: www.garageexperts.com, and to establish sites using this domain name. You acknowledge that the domain name is our sole property. You may not use any computer or electronic medium (for example, any Internet home page, website, bulletin board, metatag, newsgroup or other Internet related medium or activity) that uses our marks, without our express written consent, or as expressly permitted in the Manuals.

We may include an interior webpage on our website that identifies Businesses by geographic location, address, telephone numbers and/or photographs. You may have to provide certain information about, and photographs of, your Franchised Business to be included on the interior webpage. We may terminate or disable the interior webpage at any time. You may request modifications or supplements to your interior webpage. If we agree to your request, you must reimburse us for all costs associated with any changes, modifications or updates to your interior webpage, usually in the range of \$100-\$1,000 for typical changes. We endeavor to accept or reject your proposed request within 15 days. (Franchise Agreement Section 9.1).

We have the exclusive and unrestricted right to manufacture, produce, license, distribute and market products (including "Garage Experts" Brand Products and products not bearing the

Marks), including cabinets, floor coatings, floor coverings, racking, modular storage systems and accessories by means of the Internet. (Franchise Agreement Section 9.2)

We may enter into agreements with internet referral sources to refer customers to us and our franchisees, including you. You may not enter into any agreement or arrangement with an internet referral source without our consent. (Franchise Agreement Section 9.3)

Use of Your Own Advertising Material

You must obtain our written permission to use or display any materials that we or the approved vendor have not provided to you. You must submit any the materials to us for our review and we will grant or deny your request to use the materials. If we do not approve the materials within 15 days, they are deemed not approved. We may require you to stop using any previously approved materials.

Advertising Council

There is no advertising council composed of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

Advertising Cooperative

You are not required to participate in a local or regional advertising cooperative.

Computer System

You must purchase, use and maintain a personal computer system (the "Computer System") as specified in the Manuals or by us in writing. We may also specify computer hardware and software. At present, you must use Microsoft Word, Outlook, Adobe Acrobat, Excel, and our proprietary 3-d software Programs. 3-d software is a computer assisted design ("CAD") software that allows you to show visuals to a customer of what requested products, such as a cabinet, will look like actually installed in their home or place of business. At present, we specify the following hardware: digital still and video cameras, to enable you to send and receive e-mail and digital photos and video and audio signals of completed customer projects in the form and manner we prescribe. The Computer System must be capable of accessing the Internet via a third party network. You must obtain all software and hardware that we specify from our affiliate, VBP.

Your computer must be in good repair, with sufficient memory to carry out ordinary business functions as specified in the Manuals. You must purchase any upgrades, enhancements or replacements to the Computer System that we require and there are no contractual limitations on the frequency or cost of required upgrades. (Franchise Agreement Section 7.5.1). The approximate initial cost to you for the Computer Systems is \$5,000 (including software).

Franchise Central. We have developed a proprietary Customer Relations Management ("CRM") solution for our franchisees that is designed for our business model called "Franchise

Central.” Franchise Central allows you to update and manage your prospects from a mobile device. We have pre-populated the CRM with branded Drip Emails that can be applied or removed from the contact. We have also created a dashboard with relevant data to help you close more jobs. Franchise Central also has a heat map that shows you which areas your leads are closing in. You will use Franchise Central to manage all of your custom phone numbers that link to the lead source, to see if that lead source is paying off or not. You will also use Franchise Central to upload photos to your recent jobs pages and social media. And you will use Franchise Central to store estimates, contact history, etc. for your territory.

You must pay to our affiliate VBP \$250 per year to support the use of 3-d software and provide updates. You must incorporate any changes VBP makes to the 3-d software within 30 days of receiving notice from us.

Otherwise, neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You are not under any obligation to upgrade or update any computer system during the term of the franchise agreement, but you must maintain your computer system in good working order. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts for your computer systems, including the \$250 that VBP charges to support its 3-d software, is approximately \$1,500.

Independent Access to Information.

At our request, you must allow us (or our designee) to have independent access to the information generated and stored on your Computer System (which would be customer and operational data) and your files via any means, including electronic polling communications.

Operations Manual

Exhibit H contains the Table of Contents to the Operations Manual. The current Manual contains 91 pages.

Training

Before you commence operation of your Business, we will provide our Initial Training Program to up to 2 individuals (including your General Manager, at least one major owner of the franchise, or other person which you designate) for no fee, but you bear all expenses incurred by you and your personnel in connection with attending the Initial Training Program. The Initial Training Program will take place at our training facility in Anaheim. All attendees must successfully complete the training to our satisfaction. (Franchise Agreement Section 6.1.1)

The initial training program consists of approximately 5 days of training, in our sole discretion. The following table describes our initial training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
IT Set Up Intro to Laptop Adwords How to purchase numbers Link to Franchise Central, assign numbers to lead source Managing your website Send snips via email Badge incentive overview Set up dashlets Franchise Central (homework) Test all passwords (homework)	3.75		Our corporate office in Anaheim, California
Sales & Branding	3		Our corporate office in Anaheim, California
3-D Design Software Create job Create estimate Send PDF to client	4.25		Our corporate office in Anaheim, California
Cabinet Assembly and Basics	3.25		Our corporate office in Anaheim, California
Intro to prep equipment & floor coating installations	4		Our corporate office in Anaheim, California
Floor installations Place/confirm tool, equipment, marketing material orders	2.5		Our corporate office in Anaheim, California
Facebook tracking	0.5		Our corporate office in Anaheim, California
Review cabinet order in cart Introduction to GE orders	1.5		Our corporate office in Anaheim, California

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Go live demo Process of orders from garagecoatings.com	2.5		Our corporate office in Anaheim, California
Onboarding process	1.5		Our corporate office in Anaheim, California
Franchise Central & 3-d Software homework review Email logo signature set up Email set up on phones	1.5		Our corporate office in Anaheim, California
Bio Video shoot & Profile photo	2		Our corporate office in Anaheim, California
Sales & Estimating review	1.5		Our corporate office in Anaheim, California
Welcome aboard lunch with team	.75		Our corporate office in Anaheim, California
Completion of cabinet training and goodbye to staff	3.75		Our corporate office in Anaheim, California
Total	35.5	0	

The following Instructors teach our initial training program: Alfredo Miro, Shawn Christian, Jimmy McGhee, Veronica Guevara, Natalie Greville, and Sarah Groveunder. Item 2 above discloses the nature of the Instructors' experience for Alfredo Miro. We describe the nature of the experience of the following instructors here:

Project Manager, Shawn Christian

Mr. Christian has served as a Project Manager for our affiliate, Versatile Building Products ("VPB"), since September 2017. From November 2016 to August 2017 Mr. Christian served as a Programmer for VBP. From April 2015 to October 2016 Mr. Christian served as a Jr. Programmer for VBP. From September 2014 until April 2015, Mr. Christian served as a Software Developer Intern for The Dot Corp in Santa Ana, California. From March 2014 until January 2015, Mr. Christian worked as Help Desk I for Integration Works in Irvine, California. From May 2009 until

January 2014, Mr. Christian worked as the General Manager for Little Caesars Pizza in Lynwood, California.

Coating Technician: Jimmy McGhee

Mr. McGhee has served as a Coating Technician for VBP from July 2010 to the present. Mr. McGhee also served as the owner of Sunset Services Coating Company from March 1999 through July 2010 in Huntington Beach, California.

Franchise Development: Veronica Guevara

Mrs. Guevara has served as Franchise Development since January 2014. Prior to that, Ms. Guevara served as a PDF Specialists in the Courts Department with Nationwide Legal Services in Santa Ana, California from February 2008 to April 2013.

Franchise Development: Natalie Greville

Mrs. Greville has served as Franchise Development since March 2018. Prior to that, Ms. Greville served as a Customer Service Representative at Versatile Building Products in Anaheim, California from March 2016 to February 2018.

Social Media Manager: Sarah Groveunder

Mrs. Groveunder has served as our Social Media Manager since February 2019. From January 2009 to November 2018, Mrs. Groveunder served first as a Marketing Specialist and Graphic Designer then as an Assistant Marketing Manager for Tatung Company of America, Inc. in Long Beach California.

The Instructors' length of experience in the field and with us is shown in the following chart:

<u>Instructor</u>	<u>Years of Experience in the Field</u>	<u>Years of Experience with the Franchisor*</u>
Shawn Christian	5	4
Jimmy McGhee	7	9
Veronica Guevara	4	4
Alfredo Miro	15	1
Natalie Greville	2	2
Sarah Groveunder	10	<1

*Includes years of experience with our affiliate, VPB.

Training materials include our Manuals, PowerPoint presentations, and vendor samples.

At your request and subject to our availability, we will also offer you the opportunity to receive refresher training, at no additional charge, at our corporate office in Anaheim, California (Franchise Agreement Section 6.2) covering basically the same topics offered in our Initial Training Program, as in effect from time to time. You must bear all expenses incurred by you and your personnel to attend the refresher training, the amount of which we cannot meaningfully estimate as they will depend on how far you must travel and your choice in transportation, accommodations and meals

We may also offer you additional optional or mandatory training courses or programs ("Additional Training"). The Additional Training may also make optional training courses or programs available to you on a national or regional basis at locations we select, to instruct you on new procedures or programs. The time and place of the Additional Training courses shall be at our sole discretion. In the case of mandatory programs, we will not obligate you to attend more than one such program, or for more than 2 to 4 days, in our sole direction, in any calendar year. We will not charge a fee for mandatory Additional Training that we require you and/or your personnel, but may establish charges to attend optional Additional Training. You bear all expenses for you and your personnel while attending Additional Training, regardless of whether the Additional Training is required or optional. (Franchise Agreement Section 6.4)

We may periodically schedule an annual convention or other system-wide or regional meeting at locations that we choose. If we schedule this convention or meeting, you (or your personnel that we designate) must attend, unless excused by us for good cause. You must pay \$500 per person to attend and all travel expenses that you or your personnel incur in connection with attending these meetings. (Franchise Agreement Section 6.5)

You must train each of your employees and all installers to our satisfaction in accordance with the Manuals. Before you begin operation of your Business, and at all times during the Term of your franchise, you must employ the number of trained employees and installers necessary, in our judgment, to adequately operate the Business. (Franchise Agreement Section 6.2).

ITEM 12 TERRITORY

We grant you the right to operate a single Business, including an Office in your home or another site acceptable to us, within a specific geographic area (the "Trade Area"). You may not relocate your Office to any other location without our consent.

Your Trade Area will be described on Schedule 1 to your Franchise Agreement and it will contain approximately 100,00 Qualified Households. Qualified Household means an "Owner Occupied Unit" determined by data issued by the United States Census Bureau, or other reliable source which we deem appropriate. The exact geographic boundaries of your Trade Area will be determined by us, based on criteria such as the number of Qualified Households in the area and the territorial rights which have previously been given to existing licensees and franchisees in the surrounding areas. Your Trade Area may be defined by reference to streets,

natural boundaries or zip codes or may be one or more cities, counties, states, or some other defined area. Where a street boundary is used, the center of the street is the boundary.

We do not grant rights of first refusal.

However, we may allow you to enter into an Option Agreement for the one year right to purchase one or more additional territories for \$2,500 per territory. We credit the \$2,500 Option Fee against your Initial franchise fee if you purchase the Territory. We refund the Option Fee to you if we cancel the Option Agreement before the one year term has expired because we have decided to sell the territory to another prospect. See Exhibit B.

If we authorize you to operate outside the Trade Area, such authorization shall at all times be and remain subject to our right to rescind, cancel, amend or modify such authority in any manner we deem appropriate in our sole and absolute discretion.

Except as described below, during the term of your Franchise Agreement, neither we nor any of our affiliates will open or operate a Business within your Trade Area, nor knowingly supply others that operate a business that uses the "Garage Experts" name within your Trade Area. You may not relocate your Office without our prior written consent. We will try to approve or reject your request to relocate your Office (if within your Trade Area) within 15 days of the date you submit all information we require.

We expressly reserve all other rights. These include the unrestricted right to:

(a) own or operate, and license others to own and operate (i) Businesses at any location outside of your Trade Area, and (ii) business which may be similar to Garage Experts Businesses but which operate under names other than "Garage Experts" at any location within or outside of your Trade Area;

(b) own or operate, and license other to manufacture, produce, license, distribute and market products (whether or not under the Marks), including cabinets, floor coatings, floor coverings, racking, modular storage systems, and accessories, through any outlet (within or outside of your Trade Area), including home improvement stores, hardware stores, specialty stores and through any distribution channel, at wholesale or retail, including by means of the Internet, Internet web site, mail order catalogs, direct mail advertising and other distribution methods;

(c) acquire or be acquired by, and subsequently operate and license others to operate non-"Garage Experts" businesses which may offer customized residential garage storage design and installation services or related goods and services at any location and of any time or category whatsoever, within or outside of your Trade Area;

(d) provide services to a customer in your Trade Area if the customer is a National Account; and

(e) advertise within and travel through your Trade Area.

(f) There shall be a 3-month exemption from performing work in a new protected territory that was just issued to a new franchisee. The original franchisee shall have the right to complete work up to three months after the new territory is issued so long as they can show that the estimate was performed before the new territory was issued. Proof of estimate timing shall reside in Franchise Central, if there is no evidence of the estimate being done in Franchise Central prior to the new territory being issued then the franchisee will be subject to the trade area infringement fee as listed in section 5.5 of the Franchise Agreement if they perform the work.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must purchase \$120,000 per Territory per year which increases by \$5,000 annually, of cabinets, floor coatings, floor coverings, racking modular storage systems, accessories, specialized applications tools, industrial floor coatings, and supplies (the "Minimum Purchase Requirements") from VBP during each "Agreement Year" of your Franchise Agreement (i.e., each 12 month period beginning 90 days after execution of your Franchise Agreement. If you fail to meet your Minimum Purchase Requirements, we may, at our option, reduce the size of your Trade Area or terminate your territorial rights in the Trade Area, or terminate your Franchise Agreement.

Unless we agree otherwise, you may not solicit (including by using other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing) or accept orders from customers outside of your Trade Area. If you render services or provide products to customers located in another franchisee's trade area, you may be required to pay us the Infringement Fee. We may, in our sole discretion, temporarily permit you to solicit and service customers in areas contiguous to your Trade Area that have not been assigned to another Garage Experts franchisee. If we allow you to do so, you must sign Schedule 3 to the Franchise Agreement, a Temporary Trade Area Agreement, and we may impose certain restrictions and terms in the Temporary Trade Area Agreement unique to the particulars of your Temporary Trade Area and situation. The Temporary Trade Area Agreement will be non-exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are not allowed to construct or operate a fixed office, showroom or retail space outside of your Trade Area and we may cancel or modify your right to operate outside of your Trade Area at any time. If you receive leads for customers located in another franchisee's trade area, you may offer such leads to the franchisee in whose trade area the customer resides only in accordance with our then current Policies, which may include restrictions on the referral fees, if any, that you may request or receive.

We are not required to pay compensation for soliciting or accepting orders from inside your territory.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses to you the right to use the following Marks owned by our affiliate, VBP Leasing, and registered with the United States Patent and Trademark Office ("USPTO") in accordance with our specifications and standards:

Mark	Registration/Serial Number	Principal or Supplemental Register of the USPTO	Registration Date
Garage Experts (Word Mark)	4,799,406	Principal	August 25, 2015
	87,812,912	Principal	October 16, 2018
Garage FX Flooring (Word Mark)	4,468,030	Supplemental	January 14, 2014
THE LEADING, LIFETIME WARRANTY, CABINET, FLOOR COATING AND ORGANIZATION COMPANY.	87301189	Supplemental	July 18, 2017

You must follow our rules when you use these principal trademarks. You cannot use our Marks as part of an entity name. At present, you shall use your name or your entity name d/b/a "Garage Experts #____" where you insert your entity number in place of the blank and you use "Garage Experts #____" for your state or local fictitious, assumed, trading as, or doing business as name filing.

You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

We have filed all required affidavits. As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state court litigation involving the trademarks.

VBP Leasing owns the trademarks listed in the chart above and licenses them to us pursuant to a written License Agreement effective June 19, 2014. The License Agreement is effective until November 10, 2058 and will automatically renew from year to year unless either of

us elects not to renew by giving 60 days' notice. There are no other currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you.

You must notify us of any infringement of, challenge to, or unauthorized use of the "Garage Experts" name or marks which comes to your attention, including any claim, suit or demand against you. We may take actions we deem appropriate to protect and defend you and our name or marks but we are not obligated by the Franchise Agreement to do so. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. You may not settle or compromise any trademark claim without our express written consent. We have the right to defend, compromise or settle these claims at our sole cost and expense, using attorneys of our own choosing and you must cooperate fully with us in the defense of this claim. You may participate at your own expense in defense or settlement, but our decisions about the matter will be final.

If we must stop using the Marks by court order, or as a result of any settlement of any claim by an existing user of any of the Marks or other third party, or if we deem it necessary or appropriate to change the Marks in order to mitigate any potential exposure or damages arising under any claim by an existing user of any of the Marks or other third party, we will provide you with written notice of our decision to change the Business name, in which event you will have 30 days after the date of the notice (or a shorter time if required by a court order or settlement agreement) within which you may terminate your Franchise Agreement. If you do not terminate your Franchise Agreement, you must promptly change your Business name to the name we designate, in which event, we will reimburse you, in an amount not to exceed \$5,000 for your actual, reasonable, out of pocket costs to change your signs and other advertising materials to incorporate the new name and Mark. Except as described above, we are not liable for any losses or any consequential damages, including lost future profits, resulting from or arising out of any claims by a third part relating to your use of the Marks.

Periodically, in the Manuals or in directives or supplemental bulletins, we may add to, delete, or modify any or all of the Marks. You must modify or discontinue the use of a Mark, at your expense, if we modify or discontinue it. Except as described above, we will not compensate you for any modification or discontinuation of the Marks. You must adopt any new Mark we adopt. Except as described above, you must implement any change to our Marks within 60 days after notice to you.

We have learned that an individual is operating a business under the name "Garage Experts" in or around the Fort Myers, Florida area. Although we do not presently intend to offer franchises in the Fort Myers, Florida area, this individual may have a prior right to the name "Garage Experts" in Fort Myers and its natural zone of expansion. Additionally, we have learned that a business is using the name "Garage Flooring Experts" in East Dundee, Illinois. Although we do not presently intend to offer franchises in the Dundee, Illinois area, this business may have a prior right to the name "Garage Flooring Experts" in that area and its natural zone of expansion.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own or have any pending patent applications material to the franchise. We will loan you one copy of our Manuals for confidential use in your Business. We claim a copyright in the Manuals, although we have not registered the copyrights. You may not duplicate, copy, disclose or disseminate the contents of the Manuals at any time, without our express written consent. We may modify or supplement the Manuals upon notice or delivery to you. You must keep the Manuals current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us or delete them if you have them in electronic form.

You may not copy, divulge or use any confidential information, which may include our policies and the contents of our Manuals, marketing concepts, customer lists and information, and operating methods and techniques (the "Confidential Materials and Practices") during or after the term of your Franchise Agreement, except in the operation of your Business pursuant to a valid Franchise Agreement. You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices. You must inform your employees that have access to the Confidential Materials and Practices of their obligation to keep the information confidential and we may require that they sign a written non-disclosure agreement or acknowledgment.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate a "General Manager" acceptable to us who will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your Business. If you are a business entity, we do not require that your General Manager be one of your owners. Your General Manager must (a) devote full time and best efforts solely to the operation of your Business and to no other business activities, (b) meet our educational, experience, financial and other reasonable criteria, and (c) attend and successfully complete our initial training program.

Each individual who owns a 10% or greater interest in the franchisee entity must sign a Guaranty assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. Your spouse is not required to sign the Guaranty unless he or she will own a 10% or greater interest in the franchise.

Each of your employees, including your General Manager(s), that have access to the Confidential Materials and Practices will have an obligation to keep the information confidential and we may require that they sign a written non-disclosure agreement or acknowledgment.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and offer only those products and services that we have approved ("Authorized Products and Services") in connection with your Business. Authorized Products and Services may vary among Businesses, and may vary depending on the geographic location of your Trade Area. When you receive written notice from us, you must sell and provide additional Authorized Products and Services according to the instructions and within the time specified in the notice. You must stop selling and providing any previously approved or discontinued Authorized Products and Services within 30 days after receiving notice from us that the product or service is no longer approved. You may not stop offering any Authorized Product or Service without our express written approval.

You may not offer, sell or provide any Authorized Products or Services with any trademark, service mark, logo type or commercial symbol of any other person or business entity without our express written consent.

We have the right to change the types of Authorized Products and services that you must offer through your franchise, and there are no limits on our right to do so. However, we do not intend to materially alter the nature of this franchise.

We may periodically establish and conduct promotional campaigns on an international, national or regional basis, which may by way of illustration, promote particular products or marketing themes. You must participate in all promotional campaigns established in your Trade Area, for which you may be required to purchase point of sale advertising material, posters, flyers, product displays and other promotional material.

You may not use alternative distribution channels to solicit or fill orders.

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ITEM 17

RENEWAL, TERMINATIONS, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§ 3.1	5 years
b. Renewal or extension of the term	§ 3.2	If you are in good standing, you may enter into 1 successor franchise agreement on the then current franchise agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract. You have no further right to enter into additional successor franchise agreements, but may apply for the right to operate a Business pursuant to a new franchise agreement.
c. Requirements for franchisee to renew or extend	§§ 3.2 - 3.4	You must: (i) notify us between 9 and 12 months before your Franchise Agreement expires that you intend to exercise your right to a successor franchise agreement; (ii) have complied with your obligations under your initial franchise agreement, the Manuals and all other agreements then in effective between you and us or our affiliates and all agreements between you and Suppliers; must comply with our then-current qualification and training requirements; (iii) not have committed 3 or more material breaches during any 12 month period; (iv) sign a general release; (v) sign a new franchise agreement which may contain materially different terms and conditions than your original franchise agreement; and (vi) pay a renewal fee.
d. Termination by franchisee	§15.7	Under your original franchise agreement only, not a renewal agreement, you will have the option to terminate, with or without cause, during the 13 month but before the 14 th month after the effective date of the franchise agreement.
e. Termination by Franchisor without cause	None	
f. Termination by Franchisor with cause	§§2.4.2, 15.1 – 15.6	We can terminate only if you default under your Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	§15.3	You have 10 days to cure defaults not listed in Section 15.2 of your Franchise Agreement.
h. "Cause" defined – non-curable defaults	§§2.4.2, 15.2	Non curable defaults: (i) abandonment; (ii) insolvency; (iii) repeated defaults; (iv) misrepresentation; (v) violation of law; (vi) health or safety violations; (vii) unfair competition; (viii) under reporting; (ix) criminal offenses; or (x) failed inspection.
i. Franchisee's obligations on termination/non-renewal	Article 16	You must stop using our Marks; stop using all photographs, images, videos and other depictions of projects and installations done for Garage Experts customers; pay all amounts due to us; return the Manuals, 3-d cabinet design software key, all training materials, CD ROMs, DVDs, records, customer lists, files, advertising and promotional materials and all other written materials incorporating our trade secrets; makes cosmetic changes to your Office and Vehicles so that they no longer resemble our proprietary design; at our election, sell the equipment and furnishings that we designate to us, upon receiving notice from us, assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your Business; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your Business and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks. See also "r" below.
j. Assignment of contract by Franchisor	§14.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§14.2.1 and Appendix 1	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§14.2	Transfers require our express written consent

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	§§14.2 & 14.4	New franchisee: must qualify, assume the Franchise Agreement or sign a new Franchise Agreement, complete training, refurbish the Office, Vehicles and any other space (other than a personal residence) or equipment used in connection the Business. You must not be default under the terms of your Franchise Agreement or any other related agreements with us or under any agreement with our affiliates or the Manuals. You must: provide us with an estoppel agreement and a list of all persons having an interest in the Franchise Agreement or in the Franchisee; pay all amounts then-due to us; sign a general release, provide us with all documents relating to the transfer, disclose to us all material information that we request regarding the transferee, the purchase price, and the terms of the transfer, and pay an administrative/transfer fee plus reimburse us for our reasonable out of pocket expenses incurred in reviewing any proposed assignment and the proposed assignee. If we determine that the assignee must attend the initial training program, you must pay our then current training fee and reimburse us for our travel expenses to provide training. (See also "r" below). If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty.
n. Franchisor's right of first refusal to acquire franchisee's business	§14.3	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	§16.1.2	Upon termination or expiration of your Franchise Agreement, we may purchase certain equipment and furnishings associated with your Business at net book value, using a 5-year straight line amortization period.
p. Death or disability of franchisee	§15.8	Same requirements as for transfer in "m" above, however, we will allow you or your estate 2 months to begin the process of transfer and 6 months to complete it. We may assume management during this interim period and you agree to pay our reasonable costs in that respect.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	§13.1.1	You can not engage in "Competitive Activities," defined as: floor coating and storage solutions, concrete floor coatings for interior or exterior surfaces, and industrial floor coatings for retail stores and commercial buildings service, in the United States.
r. Non-competition covenants after the franchise is terminated or expires	§13.1.2	Except with our express written consent, no Competitive Activities (defined above), for 2 years at: (i) any site within your Trade Area; (ii) within 25 miles of the boundaries of your Trade Area. Also, except with our express written consent, you may not solicit business for an individual or business entity that was one of your customers during the 12 month period preceding the termination of your Franchise Agreement.
s. Modification of the agreement	§21.6	The Franchise Agreement may be modified only by written agreement between the parties. The Manuals are subject to change.
t. Integration/Merger clause	§21.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§20.2, 20.8	You agree to attempt to resolve any dispute in a non-binding mediation before bringing a claim in court. Arbitration does not apply except as to Illinois franchisees and as may be provided in a state addendum.
v. Choice of forum	§20.2	Subject to applicable state law, or as modified by State Addenda, litigation will be held in Texas.
w. Choice of law	§20.1	Subject to applicable state law, Texas law applies.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote this franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Financial Performance Representation #1-Average Gross Sales, Average Material Costs and Average Gross Profits

Here we set forth 2018 data for Average Annual Gross Sales and Average Cost of Goods Sold and Average Gross Profits of 23 reporting franchised outlets that had been open for a full year as of January 1, 2018 and operated for a full year in 2018. In 2018 we had 49 (Two outlets had multiple territories in this period) such outlets, 23 of which reported their Gross Sales, Cost of Goods Sold and Gross Profits.

Average Sales, Material Costs, and Gross Profit

Category	Financial Performance Representation	Number of Outlets who attained or surpassed the stated result	Percentage of outlets who attained or surpassed the stated result
Average Gross Sales (Note 1)	\$494,323	10	43%
Average Material Costs (Note 2)	35%	9	39%
Average Gross Profit (Note 3)	\$320,261	10	43%

Note 1-"Gross Sales" means the total of all revenues received or receivable by Franchisee as payment, whether in cash, by debit card or for credit or barter or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services, and supplies sold by the Franchised Business, or which are promoted or sold by Franchisee under any of the Marks, whether or not Company offers such services or products in its other locations, including; (a) revenues from sales of any

nature or kind whatsoever, derived by Franchisee or by any other person or Business Entity (including Franchisee's Affiliate(s)) from the Franchised Business; (b) sales of Authorized Products and Services in contravention of this Agreement from businesses other than the Franchised Business; (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible; (d) mail or telephone orders received or filled in or from the Franchised Business; and (e) orders taken in or from the Franchised Business although filled or performed elsewhere.

Notwithstanding the foregoing, "Gross Sales" shall exclude the following: (i) Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, merchandise, services, and supplies sold at, from, or in connection with the Franchised Business, provided that such taxes are actually transmitted to the appropriate Governmental Authority; and (ii) Sums representing tips, gratuities or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; and (iii) Proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee's products and services offered in connection with the Franchised Business nor having any material effect upon the ongoing operation of the Franchised Business required under this Agreement.

Note 2- For Average Material Costs, an outlet attained or surpassed the stated result if its Material Costs was equal to or less than the stated result. The materials costs were calculated using VBP sales records of goods sold to outlets. Materials VBP sold to outlets consisted of liquid coatings, cabinets, storage products and sundry items.

Note 3- "Average Gross Profit" means Average Gross Sales less Average Material Costs.

Note 4- Median Gross Sales in the sample used in the above table was \$368,500, the lowest Gross Sales was \$49,027, and the highest was \$1.2M. Median Gross Profit was \$249,743, the lowest gross profit was \$49,027 and the highest was \$876,674.

Please keep in mind that the information we present is based upon reports from franchisees and we have not audited or in any way verified this information.

Financial Performance Representation #2-VBP Material Purchases

Here, we set forth an historic financial performance representation of the 2018 material purchases of our franchisees from our affiliate, Versatile Building Products, as to franchisee who had been open at least one year by January 1, 2018 and who were open the entirety of 2018. In 2018 we had 81 outlets, 45 of whom met the criteria for inclusion.

VBP Material Purchases

Category	Number of Outlets in the Category	Number of Outlets who attained or surpassed the stated result	Percentage of outlets who attained or surpassed the stated result
Purchase Amount under \$100,000	15	45	100%
Purchase Amount between \$100,000 and \$200,000	22	30	67%
Purchase Amount over \$200,000	8	8	18%

A number of factors can affect the performance of your territory. These include, but are not limited to, the general market for our services in your area, competitive factors from other companies offering similar services in your market, and the success of your efforts to market your services, offer high customer service, and generally follow our Operations Manual and system.

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

Written substantiation for these financial performance representations are available to you upon reasonable request.

Other than the preceding financial performance representation, Garage Experts does do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kristen Jones, 245 Carl Karcher Way Anaheim, CA 92801 (714) 829-2570, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2016 through 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	30	36	+6
	2017	36	50	+14
	2018	50	81	+31
Company-Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	30	36	+6
	2017	36	50	+14
	2018	50	81	+31

Table No. 2
Transfers of Businesses from Franchisee to New Owners (other than the Franchisor)
For Years 2016 through 2018

State	Year	Number of Transfers
Texas	2016	0
	2017	0
	2018	1
Totals	2016	0
	2017	0
	2018	1

Table No. 3

**Status of Franchised Outlets
For Years 2016 through 2018***

State	Year	Outlets at Start of Year	Outlets Opened	Termin- ations	Non- Renewals	Re- acquired by Franchisor	Ceased Operations- Other Reasons	Franchised Outlets Operating at Year End
Alabama	2016	2	0	2	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Alaska	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Arizona	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
California	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	4	0	0	0	0	6
Colorado	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	3	0	0	0	0	5
Connecticut	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Florida	2016	3	0	0	0	0	0	3
	2017	3	1	0	0	0	0	4
	2018	4	2	1	0	0	0	5
Georgia	2016	1	0	1	0	0	0	0
	2017	0	3	0	0	0	0	3
	2018	3	3	0	0	0	0	6
Idaho	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Illinois	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1

	2018	1	1	0	0	0	0	2
Indiana	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Kentucky	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Louisiana	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Maryland	2016	2	1	0	0	0	0	3
	2017	3	0	1	0	0	0	2
	2018	2	1	0	0	0	0	3
Minnesota	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Missouri	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	3	0	0	0	0	3
Montana	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	2	0
	2018	0	0	0	0	0	0	0
Nevada	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
New Hampshire	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
New Mexico	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
New York	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	1	0
	2018	0	2	0	0	0	0	2
N. Carolina	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	1	0	0	0	0	4
Oklahoma	2016	0	0	0	0	0	0	0

	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Ohio	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Pennsylvania	2016	2	0	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	1	0	0	0	0	4
S. Carolina	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
South Dakota	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	1	0
	2018	0	0	0	0	0	0	0
Tennessee	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Texas	2016	6	2	0	0	0	1	7
	2017	7	5	0	0	0	1	11
	2018	11	2	0	0	0	0	13
Utah	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Virginia	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	2	0	0	0	0	3
Washington	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Totals	2016	30	10	3	0	0	1	36
	2017	36	20	1	0	0	5	50
	2018	50	32	1	0	0	0	81

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets
For Years 2016 through 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2018

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	5	0
Florida	0	4	0
Georgia	0	3	0
Illinois	0	2	0
Indiana	0	1	0
Michigan	0	1	0
Nebraska	0	1	0
Nevada	0	2	0
New Jersey	0	3	0
New York	0	2	0
Ohio	0	3	0
Oregon	0	2	0
Utah	0	2	0
Virginia	0	2	0
Wisconsin	0	1	0
TOTALS	0	35	0

Exhibit D contains a list of the names of all current franchisees and the address and telephone number of each of their outlets as of the end of our last fiscal year.

Exhibit E contains the name, city, state, and last known telephone number of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently

completed fiscal year or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this Franchise Disclosure Document.

In the last three fiscal years, we have not entered into any confidentiality clauses with a franchisee that would restrict their ability to discuss his or her personal experience as a franchisee.

ITEM 21

FINANCIAL STATEMENTS

Exhibit F contains our audited financial statements for our fiscal years ended December 31, 2018, 2017, and 2016.

ITEM 22

CONTRACTS

- A. Franchise Agreement
 - Schedule 1 Trade Area
 - Schedule 2 Franchisee Information
 - Schedule 3 Temporary Trade Area Agreement
 - Schedule 4 Guaranty
 - Schedule 5 State Addenda to the Franchise Agreement
- B. Option Agreement
- C. General Release

ITEM 23

RECEIPTS

Exhibit J contains two copies of a detachable receipt.

Exhibit A

Franchise Agreement

**GARAGE EXPERTS INTERNATIONAL
FRANCHISE AGREEMENT**

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Schedule 1 Trade Area

Schedule 2 Franchisee Information

Schedule 3 Temporary Trade Area Agreement

Schedule 4 Guaranty

Schedule 5 State Addenda to the Franchise Agreement

FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** is made effective on made this _____
("Effective Date") by and between Garage Experts International LLC, a California limited liability
company ("we," "us," or "Company"), and _____, [] an individual, as sole proprietor, OR
[] , a(n) _____ ("you," "your," or "Franchisee")
_____ with reference to the following facts:

A. We and/or an Affiliate of ours owns certain proprietary and other property rights and
interests in the "Garage Experts" trademark and service mark, and such other trademarks, service marks,
logo types, insignias, trade dress, designs, and commercial symbols as Company may from time to
time authorize or direct you to use in connection with the operation of the Franchised Business ("Marks").

B. We and/or an Affiliate of ours have developed and continue to develop, and we own
or have the right to sublicense, a system for the operation of customized residential garage storage design
and installation business which system includes various operating methods, techniques, Policies,
products, distinctive signs, Trade Secrets, record-keeping and marketing techniques (the "System").

C. You desire to obtain the license and franchise to operate a Business to be operated
under the Business Name in and in strict accordance with the System and Policies established by us,
and we are willing to grant you such license and franchise under the terms and conditions of this
Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1 DEFINITIONS & APPLICABLE INFORMATION

1.1 **Certain Definitions and Applicable Information.** In this Agreement the following
terms shall have the meanings set forth in this Section 1.1 (see Appendix 1 for additional defined terms):

1.1.1 "Business Address" means:

1.1.2 "Business Name" means: "Garage Experts" subject to Section 12.6.

1.1.3 "Franchisee Notice Address" shall be:

Fax: _____

1.1.4 "General Manager" means (a) you, if franchisee is an individual, or (b)
such other individual hereafter designated by you, and accepted by us (and until subsequently
disapproved by us), who has the authority to act on your behalf during the Term.

ARTICLE 2

GRANT

2.1 **Grant.** We hereby award you, and you hereby accept, the right, license and obligation, during the Term, upon the terms and subject to the provisions of this Agreement and all ancillary documents hereto, to use and display the Marks, and to use the System to operate one (1) Business solely within the Trade Area. Without limiting the generality of the foregoing and subject to Section 2.5 below, you shall not sell or provide Authorized Products or Services to any customer located outside of your Trade Area. If you receive leads for customers located in another franchisee's trade area, you may offer such leads to the franchisee in whose trade area the customer resides only in accordance with our then current Policies, which may include restrictions on the referral fees, if any, that you may request or receive.

2.2 **No Sublicensing Rights.** You shall not subdivide, sublicense, subfranchise, subcontract, sublease, or enter any management agreement providing for the right to operate the Franchised Business, or to use the Marks or System.

2.3 Territorial Rights.

2.3.1 Except as set forth in Section 2.3.2 and Section 2.4, during the Term neither we nor any Affiliate of ours shall open or operate any Business within the Trade Area, nor knowingly supply others that operate a business that uses the "Garage Experts" name within the Trade Area.

2.3.2 Except to the limited extent expressly provided in Section 2.3.1, the license granted to you under this Agreement is nonexclusive and we expressly reserve all other rights, including, the exclusive, unrestricted rights, to directly or indirectly:

(a) own or operate, and to license others (which may include our Affiliates) to own or operate (1) Business at any location outside the Trade Area, but regardless of the proximity to the Trade Area, and (2) businesses, including those that may be the same as or similar to a Business, which operate under names other than "Garage Experts" at any location, and of any type whatsoever, regardless of their proximity to the Trade Area and whether or not such businesses use any portion of the System;

(b) own or operate, and to license others to manufacture, produce, license, distribute and market products (whether or not under the Marks), including cabinets, floor coatings, floor coverings, racking, modular storage systems, and accessories; through any outlet (regardless of its proximity to the Trade Area), including home improvement stores, hardware stores, specialty stores and through any distribution channel, at wholesale or retail, including by means of the Internet, Internet web site, mail order catalogs, direct mail advertising and other distribution methods;

(c) acquire or be acquired by, and subsequently operate and license others to operate non-"Garage Experts" businesses which may offer customized residential garage storage design and installation services, or related goods and services, at any location, and of any type or category whatsoever, regardless of proximity to the Trade Area;

(d) provide services to a customer in the Trade Area if the customer is a National Account; and

(e) advertise within and travel through the Trade Area.

(f) There shall be a 3-month exemption from performing work in a new protected territory that was just issued to a new franchisee. The original franchisee shall have the right to complete work up to three months after the new territory is issued so long as they can show that the estimate was performed before the new territory was issued. Proof of estimate timing shall reside in Franchise Central, if there is no evidence of the estimate being done in Franchise Central prior to the new territory being issued then the franchisee will be subject to the trade area infringement free as listed in section 5.5 if they perform the work.

2.4 Minimum Purchase Requirements; Loss of Territorial Rights.

2.4.1 You agree that, during each Agreement Year, you will purchase from our Affiliate Versatile Building Products, LLC, cabinets, floor coatings, floor coverings, racking, modular storage systems, accessories, specialized application tools, and supplies having a purchase price of not less than \$120,000 per years, to increase \$5,000 annually (the "**Minimum Purchase Requirements**"). If this Franchise Agreement is a renewal agreement continuing your rights under a prior franchise agreement, then the Minimum Purchase Requirements continue to increase from the level at which they were at the end of the prior franchise agreement. You agree that Versatile Building Products, LLC is a third party beneficiary of this Section 2.4.1 and has the right to directly enforce this provision against you.

2.4.2 If you fail to meet the Minimum Purchase Requirements, we shall have the right, in addition to any other rights under the Agreement or under Applicable Law, to take any one or more of the following actions: (a) to unilaterally reduce the size of the Trade Area; (b) to unilaterally terminate your territorial rights in the Trade Area as set forth in Section 2.3.1; or (c) terminate this Agreement. For purposes of determining compliance with the Minimum Purchase Requirements, all product purchases by you are net of any taxes or shipping charges.

2.5 Temporary Additional Trade Area.

2.5.1 In our sole discretion, we may, upon your written request, temporarily permit you to solicit and service customers in areas contiguous to your Trade Area that have not been assigned to another Garage Experts franchisee ("**Unassigned Area**"). If we allow you to do so, you must sign Schedule 3 to the Franchise Agreement, a Temporary Trade Area Agreement, and we may impose certain restrictions and terms in the Temporary Trade Area Agreement unique to the particulars of your Temporary Trade Area and situation. Notwithstanding the foregoing, you shall not establish, construct, maintain or operate a physical office, showroom, or any type of facility outside of the Trade Area.

2.5.2 You do not receive any right of first refusal or other rights of any type to an Unassigned Area by virtue of operations in that Unassigned Area. We may sell any Unassigned Area territory at any time, without advance notice to you. If we authorize you to operate outside the Trade Area, such authorization shall at all times be and remain subject to our right to rescind, cancel, amend or modify such authority. Without limiting the foregoing, we may give a notice to cease operating in an Unassigned Area without regard to whether the Unassigned Area has been sold to another franchisee or if we or our Affiliate will commence operations in such area. After we give notice to cease operating in the Unassigned Area, you may (for a maximum of 15 days) provide Authorized Products and Services for which appointments orders were received before we gave you notice to cease operating in the area. You will, without compensation, engage in an orderly transition of your customers in the applicable Unassigned Area to the new franchisee, us or our Affiliate, as applicable.

ARTICLE 3

TERM

3.1 **Term.** The "Term" of this Agreement shall begin on the Effective Date and continue for a period of five (5) years, unless sooner terminated by you or us in accordance with ARTICLE 15 of this Agreement.

3.2 **Successor Agreement.** Provided that we are then offering franchises in the same state in which the Trade Area is located, you shall have the right at the expiration of the Term, (the "**Successor Agreement Right**") to enter into a new then current franchise agreement (the "**Successor Franchise Agreement**"). The renewal fee to enter into a Successor Franchise Agreement is \$5,000 for the first franchise agreement being renewed and \$2,500 per franchise agreement for additional territories that you may own.

3.3 **Form and Manner of Exercising Successor Agreement Right.** You shall exercise the Successor Agreement Right, if at all, strictly in the following manner:

3.3.1 Between 9 months and 12 months before the expiration of the Term, you shall notify us in writing ("**Notice of Election**") that you intend to exercise the Successor Franchise Right. No sooner than immediately after the expiration of any waiting period(s) required by Applicable law and no more than 30 days after you receive our franchise disclosure document (if applicable), you shall execute the copies of said Successor Franchise Agreement and return them to us.

3.3.2 If you exercise the Successor Agreement Right in accordance with Section 3.3.1 and satisfies all of the conditions contained in Section 3.4, we shall execute the Successor Franchise Agreement and deliver one fully executed copy to you.

3.3.3 If you fail timely to perform any of the acts, or timely deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4, such failure shall be deemed an election by you not to exercise your Successor Agreement Right and shall automatically cause your Successor Agreement Right to lapse and expire.

3.4 **Conditions Precedent to Entering into a Successor Franchise Agreement.** Your Successor Agreement Right is conditioned upon your fulfillment of each and all of the following conditions precedent:

3.4.1 At the time you deliver your Notice of Election to Company, and at all times thereafter until the commencement of the Successor Term, you shall have fully performed all of your material obligations under this Agreement, the Manuals and all other agreements then in effect between you and us or our Affiliates, and all agreements between you and Suppliers.

3.4.2 Without limiting the generality of Section 3.4.1, you shall not have committed 3 or more material defaults of this Agreement during any 12-month period during the Term for which we shall have delivered notices of default, whether or not such defaults were cured.

3.4.3 Concurrently with the execution of the Successor Franchise Agreement, you shall execute and deliver to us a general release, on a form prescribed by us.

3.4.4 You shall comply with our then-current qualification and training requirements and shall pay all Travel Expenses incurred in connection with such training.

3.4.5 You shall meet all Minimum Purchase Requirements throughout the Term.

3.4.6 You shall perform in accordance with our Policies throughout the Term.

3.4.7 During the Term, you shall not have received an unreasonable number of consumer complaints or failed to satisfactorily resolve any consumer complaint to our satisfaction.

3.4.8 You shall have remained current in all financial obligations to us and all of our Affiliates throughout the Term.

3.5 **Other Rights if New Franchises Are Not Offered.** If we are not offering new franchises at the time you deliver your Notice of Election, we may (i) offer to renew this Agreement upon the same terms set forth herein for a term equal to the Successor Term, or (ii) offer to allow you out of your post-term non-compete duties and to carry on business under your own name. The choice of which option to offer is ours alone.

ARTICLE 4 FRANCHISED BUSINESS

4.1 Office.

4.1.1 The Office for the Franchised Business shall be at the Business Address.

4.1.2 If no Business Address has been inserted in Section 1.1.1 on the Effective Date, you shall promptly, following the execution of this Agreement locate a site within the Trade Area for your office at which you can, at a minimum, accept delivery of supplies and products necessary for you to operate your Franchised Business (the "Office"). The Office may be located at your personal residence, a shared office or a warehouse unit, provided the Office must meet the Policies and is subject to our prior written approval. You shall submit to us such information regarding the proposed site(s) and neighboring areas as we shall require, in the form(s) prescribed by us. We may accept or reject a proposed site in our sole discretion.

4.1.3 You may not relocate the Office without our prior written consent. If we shall consent to any relocation, you shall de-identify the former office.

4.1.4 If the Office is not within a personal residence and is leased or subleased, (i) the Lease for the Office shall name you as the sole lessee thereunder and may not be assigned or sublet without our prior written consent; (ii) We shall have the right to review and accept or reject the Lease, a true and correct copy of which shall be delivered to us prior to its execution; (iii) You shall neither create nor purport to create any obligations on behalf of us, nor grant or purport to grant to the lessor thereunder any rights against us, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the Lease shall be for a term (including options) which is not less than the Term (plus the Successor Term), unless we shall approve, in writing, a shorter term of the Lease; and (v) the Lease shall provide that we or our designee have an option, without cost or expense to us or such designee, to assume the Lease, or execute a substitute lease on the same terms, in the event of termination or expiration of this Agreement for any reason. Our review and acceptance of the Lease is solely for our benefit and is solely an indication that the Lease meets Our Policies at the time of acceptance for the Lease (which may be different than the requirements of this Agreement) such review and acceptance shall not be construed as a warranty that the Lease complies with Applicable Law or represents a transaction that is fair or in your best interest.

4.1.5 If we or our designee elects to succeed to your rights under the Lease, as aforesaid, you shall assign to us or such designee all of your right, title and interest in and to the Lease, whereupon the lessor thereunder shall attorn to us or such designee as the tenant thereunder. You shall execute and deliver to us or such designee such assignment and take such further action as may be necessary to effect such assignment, within 10 days after written demand by us or such designee to do so, and upon your failure to do so, we or such designee shall be, and hereby is, appointed your attorney in fact to do so. This power of attorney granted under this section is a special power of attorney coupled with an interest and is irrevocable and shall survive your death or disability. Any sum expended by us or such designee to cure your breach of the Lease shall be deemed additional sums due us hereunder and you shall pay such amount to us upon demand. The covenants contained in this Section 4.1.4 shall survive the termination of this Agreement.

4.2 Required Equipment; Vehicles.

4.2.1 Following the Effective Date, we shall provide you with copies of the Policies for required equipment (including computer equipment), inventory, supplies, materials, and signs. You shall at your sole cost promptly obtain such items, unless we shall, in writing, agree to modifications thereof.

4.2.2 You acknowledge that the franchise and license granted by the Agreement contemplate that a substantial portion of your business will be conducted through the utilization of truck, trailer, sport-utility vehicles or other automobiles ("Vehicle(s)") that enable you to deliver products and perform installation services at households within the Trade Area. You shall at all times own or lease a sufficient number of Vehicles to meet your needs and customer demands in accordance with the Policies. Each Vehicle must meet our then-current Policies, including, among other things, specifications relating to the required quantity, make, model, year, color, and body wrap. You shall promptly, following the purchase or lease of a Vehicle and prior to the use of any Vehicle in connection with the Franchised Business, make such modifications and additions to the Vehicle as required by us, including, applying and installing all decals, logos and racks.

4.3 **Maintaining Office and Vehicles.** You shall maintain the condition and appearance of the Office and all Vehicles used in the Franchised Business in a level of cosmetic appearance that is consistent with the image of Businesses as clean, efficient and well operated. If at any time in our reasonable judgment, the state of repair, appearance or cleanliness of your Office or Vehicles fail to meet the Policies, you shall immediately upon receipt of notice from us specifying the action to be taken by you (within the time period specified by us), correct such deficiency.

4.4 **Commencement of Business and Continuous Operation.** Prior to the day that you commence operation of the Franchised Business, you shall provide photographs and other information requested by us to confirm that the Office and Vehicle(s) conform to the Policies. We may, prior to the day that you commence operation of the Franchised Business, perform an inspection of the Office and Vehicle(s), to ensure that the Office and Vehicle(s) conform to the Policies. You may not commence operation of the Franchised Business until you have received written authorization to do so from us, which authorization may be conditional and subject to our receipt of further information and/or inspection. You shall commence the operation of the Franchised Business within 90 days following execution of this Agreement (the "**Business Commencement Date**"), and thereafter operate the Franchised Business not less than 6 days and 48 hours per week.

ARTICLE 5 PAYMENTS

5.1 Initial franchise fee.

- (a) The initial franchise fee for a new franchise is \$15,000 per territory with additional contiguous territories available for purchase if approved for \$10,000 per territory.
- (b) We offer a 10% discount on the initial franchise fee for a Veteran honorably discharged from any branch of the U.S. armed forces within ten (10) years of applying for a franchise with us.
- (c) The initial franchise fee is due to us in full when you return to us signed copies of your Franchise Agreement, and before you attend initial training, and is nonrefundable.

5.2 Continuing Royalty and Royalty Holiday. "Continuing Royalty" means the following applicable amounts:

Time Frame	Dollar Amount
Per month (for any whole or partial month) for the first six months after the Effective Date of this Agreement	\$500/month
Per month (for any whole or partial month) for months 7-12 after the Effective Date of this Agreement	\$800/month
Per month (for any whole or partial month) for months 13-18 after the Effective Date of this Agreement	\$1,200/month
Per month (for any whole or partial month) for month 19 and beyond after the Effective Date of this Agreement	\$1,800/month

*If this is a Successor Franchise Agreement or a Franchise Agreement entered into as part of the purchase of a territory containing existing or prior Garage Experts operations, then the months stated in the table above start to run from the date when Garage Experts operations began, not from the Effective Date of this Agreement.

5.2.1 Royalty Holiday. If you do not earn total **Gross Sales** of \$750,000 or more in the first three years of operation following the effective date of this Agreement, and if you have been operating in compliance with this Franchise Agreement and our Operations Manual, then you shall be entitled to a refund of the \$15,000 initial franchise fee through a Royalty Holiday, meaning that you will not pay Continuing Royalties of \$1,800/month for 8 1/3 months.

In addition, sometimes there are certain unforeseen circumstances that can adversely affect our franchisees. Typical examples include extreme weather, natural disasters, or prolonged inclement weather that interrupts lead generation or the ability of the franchisee to perform their normal function of operations. Upon written request, we may provide a royalty holiday during those times. Terms and conditions of such royalty holiday will be based on the individual circumstance of the adversely affected franchisee.

5.3 Advertising Fees. You shall pay to us, our affiliates, or designees, as applicable, when due the following advertising fees, as to a franchise territory in which you or a prior franchisee has operated a Garage Experts franchised business for 12 months:

5.3.1 National Advertising Fee.

U.S. Franchisee Count	Monthly Advertising Fee
Current	\$500
125 or more	\$1,000

We may use the National Advertising Fees on a Call Center, national, regional, or local advertising, marketing, public relations, marketing research, in-house staff that are dedicated to creating contents used for advertising and promotions, including a share of corporate overhead, and marketing to sell franchises, not to exceed 15% of the amount of National Advertising Fees received in any given year. We make the determination of how to spend the National Advertising Fees. Once we have achieved a given tier in the advertising fee schedule, we will not revert to a prior tier even if the number of franchises decreases.

If any National Advertising Fees are not spent in a given year, they will rollover to the next year.

5.3.2 Hotspot and Cellular Phone. You must obtain and pay for a hotspot and cellular telephone per our guidelines.

5.3.3 Trackable Phone Number Fee. You must pay to us our current fees for Trackable Phone Numbers to monitor the source of incoming calls. Presently, the fee is (a) \$2 per phone number per month and 6 cents per minute of connect time for regular phone numbers; and (b) \$4 per number and 10 cents per minute for toll free numbers.

5.4 Other Payments.

5.4.1 You shall pay to us, our Affiliates and designees, as applicable, promptly when due:

(a) all amounts advanced by us or which we have paid, or for which we have become obligated to pay on behalf of you for any reason whatsoever;

(b) the amount of all sales taxes, use taxes, personal property taxes and similar taxes, which may be imposed upon you, but required to be collected or paid by us (i) on account of your Gross Sales, or (ii) on account of fees collected by us from you (but excluding our ordinary income taxes). We may collect the taxes in the same manner as Continuing Royalties are collected and promptly pay the tax collections to the appropriate Governmental Authorities; provided, however, that unless we so elect, it shall be your responsibility to pay all sales, use or other taxes imposed now or in the future by any Governmental Authorities on fees paid by you to us; and

(c) all amounts due for any reason, including on account of purchases of goods, supplies or services relating to the Franchised Business.

5.4.2 You shall remain current and fully comply with each of your obligations to your landlord, vendors and Suppliers.

5.5 Trade Area Infringement Fee. If you breach this Agreement by failing to operate the Franchised Business solely within the Trade Area, as provided in Section 2.1, and infringe on the designated trade area of another "Garage Experts" franchisee, you may be required to pay us a trade area infringement fee (the "Infringement Fee") as follows:

(a) For the first violation, the Infringement Fee shall be \$500 plus the invoice amount of the products provided and services performed in another franchisee's trade area;

(b) For the second violation, the Infringement Fee shall be \$1,000 plus the invoice amount of the products provided and services performed in another franchisee's trade area; and

(c) For the third and any subsequent violation, the Infringement Fee shall be \$5,000 plus the invoice amount of the products provided and services performed in another franchisee's trade area. As provided in Section 15.2.3, we may also terminate this Agreement if you infringe on the designated trade area of another "Garage Experts" franchisee 3 or more times during the Term.

(d) You shall pay the Infringement Fee to us within 5 days of receiving a written demand. For purposes of this Infringement Fee, trade area infringement occurs when you generate income from a customer by receiving payment for goods or services provided or rendered within the trade area of another "Garage Expert" franchisee, without first obtaining both our and that franchisee's express written consent.

5.6 Non-Compliance Fees. You agree that Versatile Building Products, LLC is a third-party beneficiary of this Section 5.6 and has the right to directly enforce this provision against you. You agree to pay us the following Non-Compliance Fees upon demand for the violations listed below, per occurrence:

Non-Compliance	2 nd Offense	3 rd Offense
Misuse or nonuse of GE software (Franchise Central, Cabinet Vision)	\$500	\$1,000
Not following brand standards (see brand standards guidelines manual)	\$500	\$1,000
Not turning in financials	\$500	\$1,000
Performing Cash Jobs and not recording them	\$500	\$1,000
Non-Compliance of Operations Manual	\$500	\$1,000
Purchase and use of non-VBP products	\$500 and reimbursement to VBP for lost gross revenue	\$1,000 and reimbursement to VBP for lost gross revenue

5.7 Call Center Fees. You agree to use our Call Center to handle your incoming digital and telephone customer leads, pursuant to our guidelines. You agree to pay to us or a third-party such fees as we or they charge from time to time for these services. Presently, we or the third-party charges \$1.40 per minute of call time for this service but the fee may vary over time.

5.8 Timing and Method of Payment.

5.8.1 **Timing of Payment.** No later than 15th day of each Reporting Period during the Term, you shall calculate and remit to us the Continuing Royalty, and all other amounts then owed to us, except as otherwise provided for product purchases pursuant to ARTICLE 10.

5.8.2 **Method of Payments.** At our request, and at your sole cost, you shall make all payments due under this Agreement directly to us through the use of a credit card issued by a major bank.

5.9 **Application of Funds.** If you become delinquent in the payment of any obligation to us or our Affiliate under this Agreement or any other agreement, we shall have the right to apply any payments received from you to any obligation owed to us or our Affiliate, notwithstanding any contrary designation by you.

5.10 **Charges for Late Payments.** If you fail to pay to us all sums owed to us or our Affiliates promptly when due, you shall pay a \$50 late fee and \$5 for each day payment is late. If any check, draft or electronic transfer is unpaid because of insufficient funds or otherwise, then you shall pay our expenses arising from such non-payment, including bank fees, in the amount of at least \$50.

5.11 **Client Refunds.** If you do not resolve a customer service complaint and we believe a reasonable basis exists for a refund to the customer of all or a portion of the customer's fees, then we may make the refund and bill you. You agree to pay the charges.

5.12 **Brand Reputation Protection Fee.** You agree to pay to us \$20 per month on the first territory you own and \$10 per month on each additional territory you own so that we may reimburse customers with complaints on territories that are closed and protect the goodwill of our brand name.

ARTICLE 6 TRAINING

6.1 Initial Training Program.

6.1.1 All General Managers and at least one Major Owner shall successfully complete, to our satisfaction, within 3 months following the Effective Date, an initial training program in our System (the "**Initial Training Program**"). At no extra charge, we shall provide the Initial Training Program at a training facility in California or such other location specified by us, to up to 2 individuals selected by you and who shall include the General Manager, and one Major Owner, (each an "**Initial Attendee**" and the "**Initial Attendees**"). The Initial Training Program shall consist of approximately 5 days, in our sole discretion, and shall be provided by us prior to the opening of the Franchised Business. You shall pay all Travel Expenses incurred by the Initial Attendees and any other person that attends the Initial Training Program on your behalf. You acknowledge that because of our superior skill and knowledge with respect to the training and skill required to operate a Business, our judgment as to whether or not a person has satisfactorily completed the Initial Training Program shall be determined by us.

6.1.2 You must not commence to operate under the Marks or System until each Initial Attendee has completed the Initial Training Program to our satisfaction.

6.2 Refresher Training.

6.2.1 Upon your reasonable request and subject to our availability and scheduling requirements, we shall provide to you, at no additional charge, additional two (2) day refresher

training courses (the “**Refresher Training Program**”). The Refresher Training Program shall be conducted at a training facility in California or such other location specified by us, to up to 2 of your employees selected by you. You shall pay all Travel Expenses incurred by any person that attends the Refresher Training Program.

6.3 **On-going Advice and Assistance.**

6.3.1 You shall have the right, at no additional charge, to inquire of our headquarters staff and other designated representatives with respect to technical and sales support, and general advice and assistance relating to the operation of the Franchised Business by telephone, electronic mail, facsimile or other means of communication as we deem appropriate, and we shall use reasonable efforts to respond to such inquiries.

6.3.2 In exchange for the Continuing Royalty as set forth in Section 5.1, and for so long as you are not in default of any of your obligations under this Agreement, you shall receive the following on-going advice and assistance from us or other designated or approved provider:

- (a) A listing on our web page;
- (b) Access to our customer management and marketing database software to use for managing leads, including any designated social media sites for postings.
- (c) The right to purchase “Garage Experts” branded marketing literature, signs, shirts, and other designated or approved marketing or promotional items and Garage Experts Brand Products.
- (d) A 12% discount on all products manufactured by our Affiliate, Versatile Building Products, LLC.
- (e) Access to our Operations Manual to offer guidance in the operation of the Franchised Business.

6.3.3 If any advice, consultation or training is provided at your request or if we determine that the Franchised Business is not being operated in accordance with the Policies or this Agreement, we may require you to pay such charges as may then be in effect, and to reimburse us for all Travel Expenses and similar costs incurred by us and our personnel in connection with such advice, consultation or training.

6.4 **Additional Training.** We may, from time to time, at our discretion, (i) require you and your employees to attend additional training courses or programs (“**Additional Training**”), or (ii) make available to you or your employees, optional Additional Training during the Term. The Additional Training may be held on a national or regional basis at locations selected by us to instruct you. The time and place of the Additional Training courses shall be at our sole discretion. We shall not charge a fee for any Additional Training courses which you are required to attend, provided, however, we may establish charges for optional Additional Training courses made available to you. You shall pay all Travel Expenses incurred in connection with attending at such Additional Training courses.

6.5 **Annual Convention.** We may from time to time, schedule an annual convention or other-system wide or regional meeting at a time and location to be chosen by us. If we schedule such convention or meeting, you and such of your personnel designated by us must attend such convention or meeting, unless we otherwise excuse you upon a showing of good cause but we shall not require your

attendance more than once per calendar year. You shall pay \$500 per person to attend and all Travel Expenses incurred by you and your personnel in connection with attending such convention or meeting.

ARTICLE 7

STANDARDS OF OPERATOR QUALITY AND SERVICE

7.1 **Compliance with Applicable Law/Non-Disparagement.** You represent that you have and shall maintain throughout the Term, all bonds, licenses, permits and government approvals necessary to operate and conduct the Franchised Business. You shall operate the Franchised Business as a clean, orderly, lawful and respectable place of business in accordance with the Policies, and shall comply with Applicable Law. You shall not cause or allow the Office, Vehicles or Franchised Business to be used for any immoral or illegal purpose. You shall in all dealings with customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action (or failing to take any action) which will cause us to be in violation of any Applicable Law. You shall refrain from engaging in action (or failing to take any action), which in the sole opinion of ours, causes or could cause damage, harm or injury to the Marks, the System and/or the "Garage Experts" brand or reputation. You shall not disparage us, our employees, our franchisees, or customers.

7.2 **General Manager.** The General Manager shall be principally responsible for communicating and coordinating with us regarding business matters concerning this Agreement and the Franchised Business. The General Manager shall have the full authority to act on your behalf in regard to this Agreement. The General Manager shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Business. The General Manager shall: (a) devote full time and best efforts solely to the operation of the Franchised Business and to no other business activities; (b) meet our educational, experience, financial and other reasonable criteria for such position, as set forth in the Manuals or otherwise in writing by us; and (c) be fully trained in accordance with ARTICLE 6. Our acceptance of the General Manager shall not constitute our endorsement of such individual or a guarantee by us that such individual will perform adequately, nor shall we be estopped from subsequently disapproving or otherwise challenging such individual's qualifications or performance.

7.3 **Product Line and Service.**

7.3.1 You shall advertise, sell and provide all and only Authorized Products and Services at, from, or in connection with the Franchised Business. Without limiting the foregoing, you acknowledge that Authorized Products and Services may differ at other Businesses, and may vary depending on the geographic location of the Trade Area or other factors. You shall not provide, produce, advertise for sale, sell or give away any goods or services unless the same product has been approved in the Manuals as part of the Authorized Products and Services and has not been thereafter disapproved in writing by us. All Authorized Products and Services shall be provided and sold under the specific name designated by us. You shall not cease offering any of the Authorized Products or Services, except as you may be notified or instructed, from time to time, by us in writing. You shall, upon receipt of notice from us, sell and provide additional Authorized Products and Services according to the instructions and within the time specified in the notice. You shall cease selling and providing any previously approved or discontinued Authorized Product or Service within 30 days after receipt of notice that the product is no longer approved.

7.3.2 All products, services, and materials sold or provided by you shall be of the highest quality, and the installation, composition, specifications, construction, and craftsmanship of the Authorized Products and Services shall conform strictly with Applicable Law, the instructions

provided by us or contained in Manuals, and with the further requirements of us as they are communicated to you from time to time.

7.3.3 You agree to exert your best efforts to aggressively market and sell Authorized Products and Services and to capitalize on the full potential of the Franchised Business throughout the entire Trade Area.

7.4 **Sale at Retail; Containers Fixtures and Other Goods.** You agree that, except to the extent that you provide Authorized Products and Services to National Accounts pursuant to the Policies, the Authorized Products and Services shall be sold and provided at retail, and not for resale. All items bearing the Marks shall bear accurate reproductions of the Marks as required by Company. All containers, packaging and like articles used in connection with the Franchised Business shall conform to the Policies, shall be imprinted (if required by us) with the Marks and shall be purchased by you from us, or a distributor or manufacturer approved in writing by us, as provided in ARTICLE 10. No item may be used in connection with the Franchised Business or the sale or provision of Authorized Products and Services unless the same shall have been approved in writing by us.

7.5 **Computer System.**

7.5.1 You shall purchase, use and maintain a personal computer system as specified in the Manuals or otherwise by us in writing for use in connection with the Franchised Business (the "Computer System"). We shall designate certain computer software used in the operation of the Franchised Business. You shall maintain an e-mail account and connect the Computer System to us via dedicated high speed internet access. You shall obtain all software and hardware, including digital still and video cameras, as we may specify to enable you to send and receive e-mail and digital photos and streaming video or other multimedia signals and information, and you shall, from time to time, upon our request, transmit digital photos and video and audio signals of completed customer projects in the form and manner prescribed by us. You shall purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require. Upon request, you shall permit us and our representatives to access the Computer System and the files stored therein via any means specified, including electronic polling communications. You shall ensure that only adequately trained employees, in our discretion, shall conduct transactions using the Computer System. You shall purchase any upgrades, enhancements or replacements to our System and/or hardware and software as we may from time to time require.

7.5.2 **Proprietary 3-d Software.** You shall, at our request, license or sublicense from us or our designee certain computer software designated by us and used in the operation of the Computer System which is owned or licensed by us ("Proprietary 3-d Software") and you shall enter into a software (sub)license agreement on our or such designee's then-current form. From time to time, you shall purchase any upgrades, enhancements or replacements to the Proprietary Software. We or our designee shall provide to you, for a reasonable fee, presently \$250 per year, such support services relating to the Proprietary Software as we deem advisable. You must incorporate any required modifications or additions to the Proprietary Software within 30 days after receiving written notice from us, unless a longer time period is stated in the notice.

7.5.3 **Franchise Central.** We have developed a proprietary Customer Relations Management ("CRM") solution for our franchisees that is designed for our business model called "Franchise Central." Franchise Central allows you to update and manage your prospects from a mobile device. We have pre-populated the CRM with branded Drip Emails that can be applied or removed from the contact. We have also created a dashboard with relevant data to help you close more jobs. Franchise Central also has a heat map that shows you which areas your leads are closing in. You will use Franchise

Central to manage all of your custom phone numbers that link to the lead source, to see if that lead source is paying off or not. You will also use Franchise Central to upload photos to your recent jobs pages and social media. And you will use Franchise Central to store estimates, contact history, etc. for your territory.

7.6 **Manuals.** You shall participate in the System and operate the Franchised Business in strict compliance with its Manuals and the Policies.

7.6.1 We shall have the right to modify the Manuals at any time and from time to time by the addition, deletion or other modification to the provisions thereof to adjust for competitive, technological, or legal changes, or attempts to improve in the marketplace.

7.6.2 We have the right to develop, operate and change the System in any manner, and we shall have the right to modify the Manuals at any time, but no such modifications shall alter your fundamental status under this Agreement. You agree that we reserve the right to vary the Manuals and Policies for any licensee based on the peculiarities of any condition that we consider important. You have no right to require us to grant you a similar variation or accommodation.

7.6.3 Unless you are already a party to a franchise agreement with us, we shall loan you one copy the Manuals for use by you during the Term. The Manuals (and any updates thereto) may be distributed or provided to you by hard copy or by electronic means in electronic form. The Manuals are highly confidential documents which contain certain trade secrets of ours. You shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manuals without our expressed prior written consent. Following the expiration or termination of this Agreement, you shall return the Manuals to us and, if the Manuals, or any part thereof, are in electronic form, permanently delete the same. The Manuals, as modified from time to time as hereinabove provided, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits, appendixes, or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time.

7.7 **Notification of Legal Proceedings.** You shall notify us in writing within 10 days after you receive actual notice of any incident that may adversely affect the operation or financial condition of your; any guarantor of your obligations hereunder, the Franchised Business, you or your Affiliates; (b) any legal action (including commencement of a suit or proceeding, or threat thereof), or the reputation of you, the Franchised Business or other "Garage Experts" Businesses or the goodwill associated with the Marks; (c) the issuance of any order, injunction, award, or other decree of any court, agency, or other Governmental Authority, including any citation, fine or closing order, or (d) any other adverse inquiry, notice, demand or sanction received by you relating to the Franchised Business; including any alleged violation of any Applicable Law, and you shall provide us with copies of all related correspondence and other communications and information relating thereto. Upon the occurrence of a Crisis Management Event, you shall immediately (in no event more than 24 hours following) inform our President (or as otherwise instructed in the Manuals) by telephone. You shall cooperate fully with us with respect to our response to the Crisis Management Event.

7.8 **Signs, Designs and Forms of Publicity.** You shall maintain, as applicable, suitable signs, logos, Vehicle wraps, and/or decals at, on, or near the front of the Office, if it is not in a personal residence or office-warehouse storage unit, identifying the Office as a Business, and on each Vehicle used in connection with the Franchised Business, all of which shall conform in all respects to the Policies and the layout and design plan approved by us, subject only to restrictions imposed by Applicable Law. Without limiting the foregoing, you shall identify the Franchised Business as an independently owned and operated licensee of ours, in the form and manner specified by us, including on all invoices,

letterhead, order forms, receipts, checks, business cards, on posted notices located on or at the Office, Vehicles or in other media and advertisements as we may direct from time to time.

7.9 **Uniforms and Employee Appearance.** You shall, and shall cause each of your employees to: (i) wear uniforms of such color, design, and other specifications as we may designate from time to time at such times as specified by us in the Manuals, and (ii) present a neat and clean public image and impression and be free from foul odors. In no case shall any employee of yours wear his or her required uniform while working at any other job other than his or her job with you.

7.10 **Co-Branding.** You may not offer, sell or provide Authorized Products and Services in connection with any trademark, service mark, logo type or commercial symbol of any other person or Business Entity, except with our prior written consent.

7.11 **National Accounts.** We may establish policies and procedures governing the provision of services to National Accounts. You must comply with these policies and procedures, including any amendments. You acknowledge that we make no representation or warranty that any specified amount of National Account business will be provided within the Trade Area. We reserve the exclusive right to solicit, enter into and administer national and/or regional contracts with National Accounts, provided we will offer you the opportunity to service the office, facility, service or operation of the National Account located in the Trade Area. You may not solicit offices, facilities, services or operations of National Accounts without our written consent. You will have no right to negotiate a national or regional agreement with National Accounts having effect outside of the Trade Area unless we expressly request you to do so in writing. If we enter into a contract with a National Account applicable to the Trade Area, you may not arrange any different terms or collect any additional fees, if you have accepted the arrangement we have negotiated. You may service an office, facility, service or operation of the National Account located in the Trade Area (and accept assignments to service a National Account outside of the Trade Area) only if you agree to participate in the program we have established with the applicable National Account, including the compensation we offer to you and the Policies related to such National Account. If you do not participate in the program for a National Account, we may, without compensation to you, offer the arrangement with the National Account to another franchisee or retain the same for our account. Company may provide a centralized billing system and dispatch service for National Accounts. We may charge you an administrative fee, which shall not exceed 10% of Gross Sales earned by you resulting from performance of services to National Accounts. The administrative fee will be in addition to, and will be calculated before deduction of, all other fees payable by you under this Agreement with respect to National Accounts. Payment for services performed under any contract for a National Account will be contingent on our receiving payment from the National Account; We do not guarantee payment by the National Account. We may deduct from our payments due to you any amounts you owe to us.

ARTICLE 8 ADVERTISING

8.1 **General Requirements.** You shall only use and display advertising materials provided or approved by us and shall use and display all material in accordance with the Policies. You must obtain our prior written approval to use and/or display advertising including, all print and electronic advertising, newspaper and magazine advertisements, press releases, statements made to the press, direct mailers and mail coupons not provided by us. The materials shall be deemed disapproved if we have not approved such materials within 15 days of submission by you. Any advertising materials or concepts created by you and approved by us are the sole and exclusive property of ours. We may require you to cease using any advertising materials which we have previously approved and you shall cease using such materials upon written notice.

8.2 **Local Advertising.** During each calendar quarter, you shall expend an amount equal to not less than 5% of your Gross Sales for the preceding calendar quarter for permitted local advertising and promotion relating to the Franchised Business. Local advertising does not include the cost of your listing the Franchised Business in any telephone or internet directories distributed or available in your Trade Area.

8.3 **Promotional Campaigns.** From time to time during the Term, we may establish and conduct promotional campaigns on an international, national or regional basis, which may by way of illustration promote particular products or marketing themes. You agree to participate in such promotional campaigns upon such terms and conditions as we may establish. You agree that such participation may require you to purchase point of sale advertising material, posters, flyers, product displays and other promotional material.

ARTICLE 9 INTERNET AND INTERNET SALES

9.1 **Internet.**

9.1.1 You shall not develop, create, generate, own, license, lease, participate in, or use in any manner any computer medium or electronic medium (including any Internet web-page, e-mail address, website, domain name, bulletin board, metatag, newsgroup or other Internet-related medium or activity) which in any way uses or displays the Marks, or any confusingly similar words, symbols or terms without our prior written consent, and then only in such manner and in accordance with the Policies. The term "uses or displays" includes any activity by the medium or any person acting in furtherance of, or on behalf of the medium, pursuant to which existing or prospective customers, Suppliers, licensees or franchisees or others are solicited or directed to the medium through the use of the Marks or by other direct or indirect reference to us.

9.1.2 We have established one or more Internet websites. We shall have discretion over the design, content and functionality of such websites. We may include one or more interior pages that identifies businesses operated under the Marks, including the Franchised Business, by, among other things, geographic area or region, address, telephone number(s), and services offered. We may permit you to customize or post certain information to the interior page, subject to your execution of a participation agreement prescribed by us, as in effect from time to time, and your compliance with the Policies. We may disable or terminate such website(s) and interior pages without having any liability to you. Our website(s) may also include one or more interior pages dedicated to the sale of franchises by us and/or relations with our or our Affiliate's investors.

9.1.3 You acknowledge and agree that we (or our Affiliate) are the owner of, and will retain all right, title and interest in and to: (i) the domain name "garageexperts.com"; (ii) the URL: "www.garageexperts.com"; and all existing and future domain names, URLs, future addresses and subaddresses using the Marks in any manner; (iii) all computer programs and computer code used for or on our website(s); (iv) all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data used in connection with, displayed on, or collected from or through our website(s); and (v) all intellectual property rights in or to any of the foregoing.

9.2 **Internet Sales.** You acknowledge that we have the exclusive and unrestricted right to manufacture, produce, license, distribute and market products (including "Garage Experts" Brand

Products and products not bearing the Marks), including, cabinets, floor coatings, floor coverings, racking, modular storage systems and accessories by means of the Internet.

9.3 **Internet Referral Sources.** You acknowledge that to competitively attract customers, we may enter into agreements with Internet Referral Sources to refer customers to us and our franchisees, including you. You shall not enter into any arrangement or agreement with an Internet Referral Source without our prior written consent.

ARTICLE 10

DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS

10.1 **Inventory.** At all times throughout the Term, you shall purchase and maintain in inventory such types and quantities of Designated Products and Ancillary Products as are needed to meet reasonably anticipated consumer demand.

10.2 **Designated Products.** We may require that you purchase, use, offer, promote and/or maintain in stock products, floor coatings, floor coverings, racking, cabinets, storage units, tools, accessories, raw materials, fixtures, furnishings, equipment, uniforms, supplies, packaging, forms, computer hardware, software, modems and peripheral equipment and other items, which are produced or manufactured in accordance with our proprietary specifications and/or formulas, and which we select as designated products, and specified "Garage Experts" Brand Products ("**Designated Products**"). You shall purchase Designated Products and "Garage Experts" Brand Products only from us, our Affiliates or our designees. We shall not be obligated to reveal Trade Secrets, specifications, designs and/or formulas of Designated Products to you, non-designated suppliers, or any other third parties.

10.3 **Ancillary Products.** We may designate certain products, tools, accessories, raw materials, fixtures, furnishings, equipment, uniforms, supplies, packaging, forms, computer hardware, software, modems and peripheral equipment and other products, supplies and equipment other than Designated Products which you may or must use and/or offer and sell from the Franchised Business ("**Ancillary Products**"). You may, but shall not be obligated to, purchase such Ancillary Products from us or our Affiliates, if we or such Affiliates supply same. You may use, offer or sell only such Ancillary Products that we have expressly authorized.

10.3.1 You may purchase authorized Ancillary Products from (i) Us or our affiliates, (ii) suppliers designated by us, or (iii) suppliers selected by you and with our prior written consent (each a "**Supplier**" and collectively, the "**Suppliers**"). Each such Supplier seeking to be approved or designated by us must comply with our usual and customary requirements, including those related to insurance, indemnification, and non-disclosure, and shall demonstrate to the reasonable satisfaction of our: (a) ability to supply an Ancillary Product meeting the Policies, which may include, specifications as to brand name and model, contents, quality, and compliance with Applicable Law; (b) reliability with respect to delivery and the consistent quality of its products or services; and (c) ability meet such other requirements as determined by us to be in the best interest of the brand.

10.3.2 For Suppliers of Designated Products selected by you, you shall first deliver written notice seeking approval, which notice shall (i) identify the name and address of the Supplier, (ii) contain such information as may be requested by us or required to be provided in the Manuals (which may include financial, operational and economic information regarding its business and product(s)), and (iii) identify the authorized Ancillary Products desired to be purchased through the Supplier. Upon request, we will furnish to you the general, but not manufacturing specifications for such Ancillary Products if specifications are not contained in the Manuals. We may request that the proposed Supplier furnish us, at no cost to us, product samples, specifications and such other information as we may require.

We or our representatives shall also be permitted to inspect the facilities of the proposed Supplier and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other Businesses. As a further condition of its approval, we may require a Supplier to agree in writing: (i) to faithfully comply with our specifications for applicable Ancillary Products sold by it, (ii) to sell any Ancillary Product bearing the Marks only to franchisees of ours and only pursuant to a trademark license agreement in form prescribed by us, (iii) to provide to us duplicate purchase invoices for our records and inspection purposes and (iv) to otherwise comply with our reasonable requests.

10.3.3 We will use good faith efforts to notify you of our decision within 60 days after our receipt of your request for approval and other requested information. Should we not deliver a written approval of the Supplier within such 60 day period, the Supplier shall be deemed disapproved. Nothing in this Article shall require us to approve any Supplier and you acknowledge that it is generally disadvantageous to the brand from a cost and service basis to have more than one Supplier in any given market area and that, among the other factors. Without limiting the foregoing, we may disapprove a proposed Supplier, if in our opinion the approval of the proposed Supplier would disrupt or adversely impact our international, national or regional distribution arrangements. We may also determine that certain Ancillary Products shall be limited to a designated brand or brands set by us. We may revoke our approval upon the Supplier's failure to continue to meet any of our criteria. You agree that at such times that we establish a regional purchasing program which may benefit you by reduced prices, lower labor costs, production of improved products, reliability in supply, improved distribution or raw material cost control, you will participate in such purchasing program in accordance with its terms.

10.3.4 You or the proposed Supplier shall reimburse us for all of our reasonable costs in reviewing the Supplier's application and reasonable costs and expenses, including Travel Expenses, related to inspecting, re-inspecting and auditing the Suppliers' facilities, equipment, and food products, and all product testing costs paid by us to third parties.

10.4 Purchases from Us or our Affiliates.

10.4.1 All goods, services, products, and supplies ("Goods and Services") purchased from us or our Affiliates shall be purchased in accordance with the purchase order format and policies of our or our Affiliates, the current form of which may be set forth in the Manuals. Purchases shall be on our or our Affiliate's then-current price, delivery and other terms and conditions which we or our Affiliate may change on at least 15 days' prior written notice, provided, that prices shall be the same as those charged to similarly situated franchisees (excluding shipping, transportation, warehousing, insurance and related costs and expenses). You further acknowledge that prices we or our Affiliate charges to you may include a profit to us or our Affiliate. We or our Affiliate may discontinue the sale of any Goods and Services at any time. If any goods or products sold by us or our Affiliate are not in sufficient supply to fulfill all orders, we or our Affiliate may allocate the available supply among ourselves, our Affiliates and others, including you and other franchisees, in any way we or our Affiliate deems appropriate, which may result in you not receiving any allocation of certain goods or products as a result of a shortage. All product orders by you shall be subject to acceptance by us or our Affiliate at our or our Affiliate designated offices, and we or our Affiliate reserves the right to accept or reject, in whole or in part, any order placed by you. You shall submit to us or our Affiliate, upon written request, financial statements which contain sufficient information to enable us to determine the credit limits, if any, to be extended to you. We or our Affiliate may establish the credit terms, if any, upon which it will accept your orders, and may require you to pay for orders on a cash-in-advance or cash-on-delivery basis.

10.4.2 We (and our Affiliates) reserve the right to establish, amend, modify and terminate in the sole and absolute discretion of our or our Affiliate, as applicable, the terms and conditions

of product and service warranties to be provided to customers, concerning the products purchased from us or our Affiliates and the installation and related services to be provided by you, including warranty duration and other warranty terms and conditions, including the circumstances under which you or we or our Affiliates must offer customers replacement, repair or purchase price refund with respect to such products and services. You shall perform promptly all of the terms and conditions of all such warranties. You shall have sole responsibility for all such warranties (even though the terms and conditions have been established by us) and for performance of any other warranties provided by you. You shall comply with all policies and procedures on warranty programs established by us and keeping records with respect to your reimbursement claims. You acknowledge and agree that all warranty and other services hereunder are performed by you as an independent contractor and not as an agent of ours. You have no authority to make and shall not make any warranty or representation to others on behalf of us.

10.4.3 No purchase order submitted by you shall contain any terms except as approved in writing by us (or our Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form is provided by you. No new or additional term or condition contained in any order placed by you shall be deemed valid, effective or accepted by us unless such term or condition is expressly accepted by us or its Affiliate in writing.

10.4.4 We or our Affiliate shall not be liable to you on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond us or our Affiliate's reasonable control including such events as labor or material shortages.

10.4.5 We may collect and retain rebates, allowances and credits in the form of cash or services or otherwise from Suppliers based on purchases or sales by you, notwithstanding any designation by the Supplier or otherwise.

10.4.6 We or our Affiliate may act as a Supplier of goods, services, products, and/or supplies purchased by you, and we or our Affiliates may be designated as the sole Supplier of any such Goods or Services. On the expiration or termination of this Agreement, or in the event of any default by you of this Agreement, we or our Affiliates shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by you. We may notify Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct such Suppliers to deliver only such quantity of Designated Products and Ancillary Products as is reasonably necessary to supply your needs prior to expiration or termination of this Agreement.

10.4.7 From time to time upon our or our Affiliate's request, you shall promptly estimate the level of purchases that you expect to make over the two weeks following the date of the request.

10.5 **Customer Reporting; Comment Cards.** At our request, you shall use reasonable efforts to secure the names, addresses and other information reasonably required by us, of your customers and shall allow such information to be used by us. You may not divulge such customer names, addresses or other information, to any third party. You shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. You shall use customer comment cards in the manner specified in the Manuals.

ARTICLE 11

REPORTS, BOOKS AND RECORDS, INSPECTIONS

11.1 **General Reporting.** You shall, in the form and manner specified by us, submit to us such monthly, quarterly and/or annual financial, operational and statistical reports and information as we may require from time to time.

11.2 **Employment Practices.** You acknowledge and agree that you are solely responsible for the operation of the Franchised Business, including keeping of your accounting system; for any and all labor relations, including wage and hour regulation compliance, hiring, firing, supervising and disciplining your employees; for setting work schedules; for compensation of such employees and the correct processing thereof; and for obtaining all necessary business licenses and employment insurance.

11.3 **Books and Records.** You shall maintain an accounting and record keeping system, in accordance with U.S. generally accepted accounting principles and sound business practices (or, at our request international financial reporting standards), which shall provide for basic accounting information necessary to prepare financial statements, a general ledger, and reports required by this Agreement and the Manuals. You shall keep and maintain adequate, accurate, and verifiable books and supporting documentation relating to such accounting information not less than 7 years following the end of each of its fiscal years, or such longer period required under Applicable Law.

11.4 **Inspections.**

11.4.1 Our authorized representatives ("**Inspectors**") shall have the right, from time to time, to enter the Office and any Vehicles (and to require Vehicles to be made available for inspection at a single location) during business hours, with or without notice, without unreasonably disrupting your business operations, for the purposes of examining same, performing evaluations, conferring with your employees, inspecting and checking supplies, fixtures, and equipment, and determining whether the Franchised Business is being conducted in accordance with this Agreement, the System and the Manuals. If any such inspection discloses any material failure by you to comply with the Policies, you shall promptly reimburse us for all of its costs and expenses (including, without limitation, Travel Expenses) incurred in connection with all such inspections (and any re-inspections) of the Franchised Business. You acknowledge that inspections are not limited as to frequency and may occur quarterly or more frequently as deemed appropriate by us in our sole discretion, and in the case of "secret-shoppers" may include numerous visits over several weeks or other period of time determined by us.

11.4.2 You shall from time to time upon request of us and in accordance with our instructions, promptly provide us with digital photos and/or video of all aspects of the goods and services provided by you to a customer, including, preparation, construction, installation and completion.

11.4.3 If any such inspection indicates any deficiency or unsatisfactory condition caused by you with respect to any matter required under this Agreement, the Manuals, or the System and we notify you in writing of such deficiency or unsatisfactory condition, you shall have 72 hours after receipt of such notice, or such other greater time period as we in our sole discretion may provide, to correct or repair such deficiency or unsatisfactory condition, if it can be corrected or repaired within such period of time. If the nature of such deficiency or unsatisfactory condition is such that it cannot be corrected within a 72 hour period, we shall provide you with such additional time as we deem necessary, provided that you immediately commence to cure the same and thereafter diligently pursues it to completion. Notwithstanding the foregoing, if, in our sole discretion, the nature of such deficiency or unsatisfactory condition is such that it poses an imminent danger to public health or safety, you shall correct or repair such deficiency or unsatisfactory condition within 24 hours.

ARTICLE 12

MARKS

12.1 **Use of Marks.** Subject to Section 12.6, we require you to operate the Franchised Business under the Business Name, using our Marks, trade dress, and such signs, advertising, and slogans as we may prescribe or approve. You will: (i) maintain the highest standard of quality in the operation and advertising of all Approved Products and Services; (ii) provide high quality services to the public similar, and at least equal to, the type, quality, and distinguishing characteristics of the services being offered by us and our Affiliates; and (iii) display the Marks in accordance with our Policies. Upon expiration, termination or non-renewal of this Agreement, we may execute in your name and on your behalf, any documents necessary to cause the discontinuance of your use of our Marks and trade dress and you hereby irrevocably appoint us as your attorney-in-fact to do so. You shall not imprint or authorize any person to imprint any of the Marks on any product without our prior written approval. We may withhold or condition any approval related to the Marks.

12.2 **Non-Use of Trade Name.** If you are a Business Entity, you shall not use the Marks or any confusingly similar marks as part of your Business Entity name, except as we may proscribe or permit and then only in such manner.

12.3 **Non-ownership of Marks.** Nothing in this Agreement shall give you, and you shall not assert, any right, title or interest in our trade-dress, or to any of the Marks or the goodwill attributable to the Marks. All goodwill accrued by, and due to, your use of the Marks anywhere shall be the sole and exclusive property of ours.

12.4 **Existing Uses and Defense of Marks.**

12.4.1 You acknowledge that one or more companies or persons may exist that are presently using the name "Garage Experts," or another name confusingly similar to the Marks, in connection with business(es) which are the same as or similar to the business contemplated to be operated by you pursuant to this Agreement and that those companies or persons may have the legal right to continue to use such name in the geographical area in which they have used it. You acknowledge that prior to signing this Agreement and accepting the Trade Area, you have obtained advice from local counsel regarding the appropriate search and protection methods and have conducted an appropriate search in the Trade Area to determine whether there is any prior user of the name "Garage Experts" or a name confusingly similar to any of the Marks.

12.4.2 If you receive notice of any claim, suit or demand against you of any alleged infringement, unfair competition, or similar matter on account of your use of the Marks, you shall promptly notify us. Thereupon, we shall take such action as we may deem necessary to protect and defend you against any such claim by any third party, but we shall not be obligated to take any such action. You shall not settle or compromise any such claim by a third party without our prior written consent. We and our Affiliates have the sole right to defend, compromise or settle any such claim, in our discretion, and at our cost, using attorneys of our choosing, and you shall cooperate fully with us and our Affiliates in connection with the defense of any such claim. You may participate at your own expense in such defense or settlement, but our decisions with regard to defense and settlement shall be final.

12.4.3 In the event that you are required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any claim by a pre-existing user or other third party, or if we shall deem it necessary or appropriate to change the Marks in order to mitigate any potential exposure or damages arising under any claim by a pre-existing user or other third party, then you shall promptly change the Business Name to an alternative name established by us or our Affiliate. In such

event, we shall reimburse you for the actual, reasonable out of pocket costs of changing your signs and other advertising materials to incorporate such new name and Mark, in an amount not to exceed \$5,000. We shall not otherwise be liable for any losses or any consequential damages, including lost future profits, resulting from or arising out of any claims by a third party relating to your use of the Marks.

12.5 **Prosecution of Infringers.** If you receive notice or learn that any unauthorized third party is using our trade dress or Marks, or something similar, you shall promptly notify us. We shall then determine whether or not we wish to take any action against such third person. You shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind against any alleged infringer for or on account of such infringement.

12.6 **Modification of Marks.** From time to time, we may add to, delete or modify any or all of the Marks and trade dress. You shall use, or cease using the Marks and/or trade dress at your expense, including any modified or additional trade names, trademarks, service marks, logotypes, commercial symbols and trade dress, in accordance with the Manuals and Policies. Except as we may otherwise direct, you shall implement any change within 60 days after notice by Company.

12.7 **Acts in Derogation of the Marks.** You agree that our trade dress and the Marks are the exclusive property of ours and/or our Affiliates and you now, and will hereafter, assert no claim to any goodwill, reputation or ownership by virtue of your license, use, or otherwise. You are familiar with the standards and high quality of the use of the trade dress and Marks in the operation of Businesses, and you agree that it will maintain this standard in its use of the Marks and trade dress at all times. You shall not contest or assist anyone in contesting at any time, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. You shall not do or permit any act or thing to be done in derogation of any of the rights of ours or our Affiliates in connection with the same, either during the Term or thereafter. Without limiting the foregoing, you shall not (i) interfere in any manner with, or attempt to prohibit, the use of our trade dress and/or the Marks by any other licensee or franchisee of ours; or (ii) divert or attempt to divert any business or any customers of the Franchised Business to any other person or Business Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

12.8 **Assumed Name Registration.** If you are required to do so by Applicable Law, you shall promptly upon execution of this Agreement file with applicable Governmental Authority, a fictitious, assumed, trading as, or doing business as name filing. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, you shall execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if you fail to do so, you hereby irrevocably appoint us as your attorney-in-fact to do so.

At present, you shall use your name or your entity name d/b/a "Garage Experts of _____" where you insert your entity number (or such other designation as we prescribe) in place of the blank and you use "Garage Experts of _____" for your state or local fictitious, assumed, trading as, or doing business as name filing.

ARTICLE 13

COVENANTS REGARDING OTHER BUSINESS INTERESTS

13.1 **Non-Competition.** You acknowledge that the System is distinctive and has been developed by us and/or our Affiliates at great effort, time, and expense, and that you have regular and

continuing access to valuable and confidential information, training, and Trade Secrets regarding the System. You therefore agree as follows:

13.1.1 During the Term, no Restricted Person shall, directly or indirectly, engage in floor coating and storage solutions, concrete floor coatings for interior or exterior surfaces, or industrial floor coatings for retail stores and commercial buildings ("Competitive Activities") at any location, in the United States.

13.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with you, each person who is a Restricted Person before such event shall not for a period of 2 years thereafter:

(a) either directly or indirectly, engage in any Competitive Activities at any location within: (i) the Trade Area; or (ii) within 25 miles of the boundaries of the Trade Area; or (iii) within the Trade Area of another Company franchisee at the time of expiration, termination, assignment, etc.; or

(b) solicit business for the purpose of offering Competitive Activities from an individual or Business Entity that was a customer of yours during the 12 month period immediately preceding such event.

13.2 **Trade Secrets.**

13.2.1 Restricted Persons may have access to proprietary and confidential information, including the Trade Secrets, Policies, specifications, procedures, concepts and methods and techniques of developing and operating a Business and producing and providing Authorized Products and Services. We may disclose certain of our Trade Secrets to Restricted Persons in the Manuals or other communications. "Trade Secrets" shall not include information which: (a) has entered the public domain or was known to you prior to our disclosure of such information to you, other than by the breach of an obligation of confidentiality owed (by anyone) to us or our Affiliates; (b) becomes known to the Restricted Persons from a source other than our or our Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to us or our Affiliates; or (c) was independently developed by you without the use or benefit of any of our Trade Secrets. The burden of proving the applicability of the foregoing will reside with you.

13.2.2 No Restricted Person shall acquire any interest in the Trade Secrets other than the right to use them in developing and operating the Franchised Business during the Term. A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Franchised Business; (ii) maintain absolute confidentiality of the Trade Secrets during and after the Term; and (iii) make no unauthorized copy of any portion of the Trade Secrets, including the Manuals or other confidential communications. If you have reason to believe that any employee has violated the provisions of any confidentiality and noncompetition agreement, you shall promptly notify us and shall cooperate with us to protect us against infringement or other unlawful use, including, the prosecution of any lawsuits.

13.2.3 In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive

relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive venue and jurisdiction of the state and federal courts sitting in Orange County, California for these purposes.

13.2.4 You must promptly disclose to us all ideas, techniques, methods and processes relating to a Business which you (or the Restricted Persons or your employees) conceive or develop. Company will have the perpetual right to use, and to authorize others to use, such ideas, techniques, methods and processes without payment or compensation to anyone.

13.2.5 You shall obtain covenants similar to those in Sections 13.1 and 13.2 from Restricted Persons and such other personnel as we may specify. We may regulate the form of agreements you use and may require that we be an express third party beneficiary with the right to enforce such agreements. Promptly upon our request, you shall deliver executed copies of such agreements to us.

13.3 **Effect of Applicable Law.** In the event any portion of the covenants in this Article violates laws affecting you, or is held invalid or unenforceable, then the maximum legally allowable restriction permitted by law shall control and bind you. We may at any time unilaterally reduce the scope of any part of the above covenants, and you shall comply with any such reduced covenant upon receipt of written notice.

13.4 **Business Practices.** You represent, warrant and covenant to us that:

13.4.1 You and each of your Owners (if you are a Business Entity) shall be and shall remain in full compliance with all Applicable Laws in each jurisdiction in which you or any of your Owners, conduct business.

ARTICLE 14 ASSIGNMENT

14.1 **Assignment by Us.** This Agreement is fully transferable by us without your consent; provided, however, that upon assignment, the assignee shall expressly agree to assume our obligations under this Agreement. We may (i) assign or delegate any or all of our rights and obligations under this Agreement; (ii) sell our assets, marks, or System outright to a third party; (iii) engage in a public offering of securities; (iv) engage in a private placement of securities; (v) merge, acquire other Business Entities, or be acquired by other persons or Business Entities; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. We shall be permitted to perform such actions without liability or obligation to you.

14.2 **Assignment by Franchisee.**

14.2.1 The rights and duties created by this Agreement are personal to you. This Agreement has been entered into by us in reliance upon your personal attributes. Neither you nor any Owner shall, without our prior written consent, cause or permit any Assignment. If we grant our consent, we may impose any condition upon our consent, including some or all of the following (any of which may be waived by us):

(a) that you provide a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as we may reasonably request. We shall have the right, without limitation, to consider whether the price and terms of payment are so burdensome as to adversely affect the Franchised Business;

(b) that, in the event the Office is not in a personal residence and is leased by you, your rights and obligations under such lease shall have been assigned to, and assumed by, the transferee, and that the consent to such transfer has been obtained from the lessor, and all pertinent documentation been delivered to us for our review and acceptance. In the event the Office (which is not in a personal residence) is owned by you, that you have transferred fee simple interest in the Premises to the transferee, or alternatively, has entered into a lease which shall permit the transferee to perform its obligations under this Agreement, which lease shall be subject to our review and approval;

(c) that your right to receive payments in connection with the Assignment shall be subordinated to our rights to receive any outstanding monetary obligations or other outstanding obligations due from you or transferee under any agreement with us or any Affiliate, whether arising before or after the Assignment;

(d) that you provide us an estoppel listing any and all causes of action, if any, that you may have against us or if none exist, so stating, and a list of all Owners having an interest in this Agreement or in you, the percentage interest of Owner, and a list of all officers and directors, in such form as we may require;

(e) that you shall have complied with Section 14.3 and we shall not have exercised the ROFR;

(f) that you shall not be in default under the terms of this Agreement (or any other related agreement), all agreements with our Affiliates, the Manuals or any other obligations owed us;

(g) that all obligations to third parties in connection with the Franchised Business shall have been satisfied or assumed by the transferee;

(h) that you and your Owners, if you are a Business Entity, shall execute a general release, in a form prescribed by us, of any and all known and unknown claims against us and our Affiliates and their Owners, officers, directors, agents, and employees;

(i) that the transferee/assignee shall have demonstrated to our satisfaction that it meets all of our then-current Policies for new Business operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the operation of the Business, and the ability to fully comply with the terms of this Agreement;

(j) that the transferee/assignee shall have agreed, under a written assumption agreement approved by us, that at closing, the transferee/assignee shall, at our option, either (a) assume this Agreement; provided however, that such assumption shall not relieve you (as transferor/assignor) of any continuing obligations; or (b) execute a replacement franchise agreement on the then-current standard form; and, at our request, the transferor/assignor shall have executed a continuing guaranty in favor of us of the performance and payment by the transferee/assignee of all obligations and debts to us and our Affiliates under the replacement franchise agreement;

(k) that the transferee/assignee agrees to refurbish the Office (if it is not in a personal residence) as needed (in our discretion) to match our then-current building design, trade dress, color scheme and Policies;

(l) that there shall not be any suit, action, or proceeding pending, or to the knowledge of you any suit, action, or proceeding threatened, against you with respect to the Franchised Business;

(m) that upon submission of your request for our consent to any proposed Assignment, you shall pay to us a non-refundable administrative/transfer fee of \$5,000.

(n) that you shall pay us then-current training fees and reimbursement of our employee's Travel Expenses if we determine that the transferee/assignee must successfully complete the Initial Training Program;

(o) that you and your Owners agree with the assignee/transferee not to compete after the Assignment in accordance with restrictions acceptable to us and substantially similar to those provided in this Agreement to the maximum extent permitted by Applicable Law, and we will be named as a third party beneficiary of such agreement; and

(p) that the transferee/assignee, or its anticipated General Manager and Major Owner shall have satisfactorily completed the Initial Training Program.

14.2.2 Any purported Assignment occurring by operation of law or otherwise without our prior written consent shall constitute a material default of this Agreement by you, and shall be null and void. Except in the instance of your advertising to sell the Franchised Business and assign this Agreement in accordance with the terms of this Agreement, you shall not, without our prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the supplies, fixtures, equipment, your Lease or the real or personal property used in connection with the Franchised Business.

14.2.3 If you are a Business Entity, you shall promptly provide us with written notice of each and every issuance of Equity by you and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

14.2.4 Our consent to an Assignment shall not (a) constitute a waiver of any claims we may have against the transferring party arising out of this Agreement or otherwise, including (i) any payment or other duty owed by you to us under this Agreement before such Assignment; or (ii) Your duty of indemnification and defense, whether before or after such Assignment, or (iii) the obligation to obtain our consent to any subsequent transfer; or (b) be an indication as to the likelihood of success or economic viability of the assignee/transferee.

14.3 **Right of First Refusal.** If you or any Owner desires to cause any Assignment, then you and/or such Owner shall notify us in writing, provide such information and documentation describing or relating to the proposed Assignment as we may require, and grant us a right of first refusal (the "ROFR") for 60 days following our receipt of your written notice of the proposed Assignment and copies of all required documentation (the "ROFR Period") to purchase the interest which you or such Owner proposes to transfer, on the same terms and conditions offered by the third party; provided that we may substitute cash for any non-cash consideration in an amount determined by us, reasonably and in good faith, as the approximate equivalent value of the non-cash consideration. If we elect to exercise the

ROFR, we or our nominee shall notify you in writing, and the closing of the transaction shall occur within 60 days after delivery of our notice, subject to the satisfaction of all conditions to closing. If we do not exercise the ROFR, any material change in the terms of an offer prior to closing, or the failure to close the transaction within 60 days following the ROFR Period, shall cause it to be deemed a new offer, subject to the same ROFR as in the case of the initial offer. Our failure to exercise the ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement.

14.4 Business Entity Franchisee. If you are a Business Entity, the following provisions will apply:

14.4.1 You represent, warrant and covenants that: (a) You have the authority to execute, deliver and perform its obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation; and (b) the information set forth in Schedule 2 is accurate and complete in all material respects. You shall notify us in writing within 10 days of any change in the information set forth in Schedule 2, and shall submit to us a revised Schedule 2, certified by an officer of yours as true, correct and complete. You promptly shall provide such additional information as we may request concerning all persons who may have any direct or indirect financial interest in you. You shall pay a \$2,500 fee to us to review any revised or supplemental Schedule 2.

14.4.2 All of your organizational documents will provide that the issuance and transfer of any interest is restricted by the terms of this Agreement. Upon our request, you shall submit a resolution confirming that you are in compliance with this provision. All certificates and other documents representing Equity in your entity must bear a legend in a form prescribed by us referring to this Agreement's restrictions.

14.4.3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in a form prescribed by us, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon we request, said holders shall re-execute a written guaranty in a form prescribed by us.

ARTICLE 15

DEFAULT AND TERMINATION

15.1 General. We shall have the right to terminate this Agreement only for "cause." "Cause" is hereby defined as a default of this Agreement.

15.2 Option to Terminate Without Opportunity to Cure. You shall be deemed to be in default under this Agreement and we may terminate this Agreement without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you upon the occurrence of any of the following events:

15.2.1 Abandonment. If you abandon the Franchised Business. For purposes of this Agreement, "abandon" shall mean (i) Your failure, at any time during the Term, to operate the Franchised Business for a period of 5 consecutive days, except as provided in the Manuals, (ii) Your failure to keep the Franchised Business operating for any period after which it is not unreasonable under the facts and

circumstances for us to conclude that you do not intend to continue to operate the franchise, and (iii) failure to actively and continuously maintain and answer your telephone;

15.2.2 Insolvency. If you shall be insolvent (meaning unable to pay bills as they become due in the ordinary course of business), or shall make a disposition for the benefit of creditors;

15.2.3 Repeated Defaults. If you default in any material obligation 3 or more times in a 12 month period, regardless if such breaches were cured or not;

15.2.4 Misrepresentation. If you make any material misrepresentations relating to the acquisition of the Franchised Business;

15.2.5 Violation of Law. If you fail, for a period of 10 days after having received notification of noncompliance from us or any Governmental Authority, to comply with any Applicable Law;

15.2.6 Health or Safety Violations. Your conduct of the Franchised Business is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the health, safety or welfare, or selling recalled or other unauthorized products after notice of default and continuing to sell such products whether or not you have cured the default after one or more notices;

15.2.7 Unfair Competition. Any violation by you of Section 13.1; your intentional disclosure or use in violation of this Agreement of the contents of the Manual, Trade Secrets or confidential or proprietary information provided to you by us, excluding independent acts of employees or others if you have exercised your best efforts to prevent such disclosures or use;

15.2.8 Under Reporting. If an audit or investigation conducted by us discloses that you have knowingly maintained false books or records, or submitted false reports to us, or knowingly understated Gross Sales or withheld the reporting of same as herein provided;

15.2.9 Criminal Offenses. If you or any of your Owners, officers, directors, General Manager, Sales Manager or Operations Manager is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect our reputation, the System, the Marks, or the goodwill associated therewith; provided, however that if the crime or offense is committed by an Owner other than the General Manager, then Company may only terminate on account thereof if such Owner fails within 30 days after the conviction or guilty plea, whichever occurs first, to sell its interest in Franchisee to Franchisee's other owners.

15.2.10 Failed Inspection. If an inspector finds that competitive materials from an unapproved vendor are being stored, housed, or used at the franchise business location, work truck or on a job located at the customer's location.

15.3 Termination With Notice and Opportunity To Cure. Except for any breach or default under Section 15.2, or as otherwise expressly provided in this Agreement, following written notice from us, you shall have 10 days within which to remedy any other breach or default under this Agreement and provide evidence of such remedy to us. If any such default is not cured within that time period, or such longer time period as Company may specify in the notice of default, then at Company's option, we may terminate this Agreement with further notice to you.

15.4 Reimbursement of Company Costs. In the event of default by you, all of our costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of our administrative employees, shall be paid to us by you within 5 days after cure.

15.5 Cross-Default. Any default by you under the terms and conditions of this Agreement or any other agreement between us, or our Affiliate, and you (or any Affiliate of yours), shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties, we may, at our option, terminate any or all said agreements.

15.6 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article, in the event Applicable Law limits our rights of termination or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such Applicable Law. We shall not, however, be precluded from contesting the validity, enforceability of such laws or regulations in any action, hearing or dispute relating to this Agreement or its termination.

15.7 Termination By Franchisee.

15.7.1 Under your original Franchise Agreement only, not a renewal Franchise Agreement, you may terminate this Agreement, upon written notice given to us within the thirteenth month after the Effective Date of this Agreement, with or without cause.

15.7.2 You acknowledge and agree that a termination pursuant to Section 15.7.1 shall not: (i) limit or excuse your obligations which survive the termination or expiration of this Agreement, including, without limitation, your obligation to pay any amounts then due and owing to us or our Affiliates; or (ii) limit the remedies available to us at law or in equity on account of any breach by you of this Agreement.

15.8 Death or Incapacity.

In the event of your death or incapacity, you, or your estate, as the case may be, must actively begin the process to seek a transfer of your rights under this Agreement within 60 days and must complete the transfer within 6 months of your death or incapacity. If you or your estate fails in either respect, then we may terminate this Agreement. The requirement of Section 14.2 of this Agreement apply to a transfer upon death or incapacity. And we are entitled to manage the Franchised Business from the time of death or incapacity until transfer or termination and to be reimbursed from you or your estate for any reasonable expenses incurred to do so. The term "incapacity" means a condition that prevents you from reasonably carrying out your duties under this Agreement.

ARTICLE 16
RIGHTS AND OBLIGATIONS UPON TERMINATION

16.1 General. Upon the expiration or termination of your rights granted under this Agreement:

16.1.1 You shall immediately cease to use all Trade Secrets, the Marks, and any confusingly similar trademark, service mark, trade name, logotype or other commercial symbol or insignia, and cease using all photographs, images, videos and other depictions of any and all projects and installations done for customers of yours. You shall immediately return the Manuals, the 3-d cabinet design software key (continuing royalty will continue until the designer key is returned and no refunds

will be given), all training materials, CD ROMs, DVDs, records, customer lists, files, advertising and promotional materials, and all other written materials incorporating or containing Trade Secrets. You shall at your own cost, make cosmetic changes to the Office, and any part thereof, and the Vehicles operated in connection with the Franchised Business so that they no longer contain or resemble our proprietary designs, including: You shall remove all identifying materials and distinctive cosmetic features and finishes, exterior finishes and colors, signage, logos and decals from the Office and such Vehicles.

16.1.2 If we so elect, at our sole option, upon any termination or expiration of this Agreement, you will sell to us such equipment and furnishings as we may designate that are associated with the Franchised Business at its net book value, using a 5-year straight line amortization period. We may offset against any amounts owed by you to us.

16.1.3 We may retain all fees paid pursuant to this Agreement and you shall immediately pay any and all amounts owing to us and our Affiliates.

16.1.4 Any and all obligations of ours to you under this Agreement shall immediately cease and terminate.

16.1.5 Any and all of your rights under this Agreement shall immediately cease and terminate, and you shall immediately cease and thereafter refrain from representing yourself as then or formerly a franchisee or other affiliate of ours.

16.1.6 We shall have the option, exercisable by written notice within 30 days after the termination of this Agreement, to take an assignment of all telephone numbers (and associated listings) for the Franchised Business, and you shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any classified or other telephone directory listings associated with the Franchised Business, and authorize and instruct their transfer to Company.

16.1.7 You shall deliver all goods and materials containing the Marks to us.

16.1.8 If we have authorized you to use the Marks, or any of them in connection with the Internet, any website, or e-mail address, you shall, at our option, cancel or assign to us or our designee all of your rights, titles and interests in any Internet websites or web pages, e-mail addresses, domain name listings and registrations which contain the Marks, or any of them, and you shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration hereof, of the termination of your right to use any domain name, web page and other Internet device associated with us or the Franchised Business, and authorize and instruct their cancellation or transfer to us, as directed by us. You are not entitled to any compensation from us if we exercise our said rights or options.

16.1.9 You agree that you shall remain responsible for any and all warranty work to your customers related to Authorized Products and Services after the termination or expiration of this Agreement. If you fail to perform such warranty work within 10 days of notice of the need to perform such warranty work for any of your customers (to protect our name and reputation) following the termination of this Agreement, you shall immediately reimburse us for any and all costs and expenses related to such warranty work.

ARTICLE 17

INSURANCE

17.1 **Insurance.** You shall obtain and maintain insurance which designates us and our designated Affiliates as additional named insureds, with an insurance company approved by us (not to be unreasonably withheld), in the minimum coverage types and levels, deductible maximums, and policy limits as may reasonably be specified by us from time to time in the Manuals, and which may include workers' compensation insurance as required by Applicable Law, errors and omissions, automobile, and comprehensive general liability insurance. You shall, prior to opening the Franchised Business, file with us, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring 30 days' prior written notice to us of any proposed cancellation, modification, or termination of insurance as well as a provision that the insurer shall notify us in the event of late payment of any premium in respect thereof by the you.

17.2 **Use of Proceeds.** In the event of damage to the Franchised Business, or any part thereof, covered by insurance, the proceeds of any such insurance shall be used to restore the Franchised Business to its original condition as soon as possible, unless restoration is prohibited or we have otherwise consented in writing.

ARTICLE 18 RELATIONSHIP OF PARTIES

18.1 **Relationship of Franchisee to Company.** It is expressly agreed that the parties intend by this Agreement to establish the relationship of franchisor- franchisee, and we are not partners, in an employment relation or joint venturers, but are independent contractors to each other. You have no authority to create or assume in our name or on our behalf, any obligation, or to act as agent or representative on our behalf.

18.2 **Indemnity by Franchisee.** You shall protect, defend and indemnify us, and all of our past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Business Entity or to any property arising out of or in connection with (i) any breach of this Agreement by you or any Restricted Person; (ii) Your operation of the Franchised Business; (iii) Your operation, marketing, advertising, promotion, offer for sale, sale or provision of any goods or services, including, Authorized Products and Services; (iv) any and all alleged torts, negligent acts, breach of contract, fraud or omissions of yours or your agents, representatives, or employees; and (v) the alleged failure of yours to comply with Applicable Law.

ARTICLE 19 NOTICES

19.1 **General.** Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties shall be deemed so delivered at the time delivered by hand or delivered by reputable overnight courier; one business day after confirmed transmission by facsimile, or other electronic system; or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, addressed to:

If to Company:	Garage Experts International LLC 245 Carl Karcher Way Anaheim, CA 92801
----------------	--

Fax: _____

If to Franchisee: As set forth in Section 1.1.2

Any party may change his or its address by giving 10 days' prior written notice of such change to all other parties.

ARTICLE 20 DISPUTE RESOLUTION

20.1 **Choice of Law.** Texas law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

20.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Lewisville, Texas. However, if you are an Illinois resident or your franchise territory is located in Illinois, you agree to bring any Claims, if at all, solely in arbitration before the American Arbitration Association in the city or county where our corporate headquarters are located.

20.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

20.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

20.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

20.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

20.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

20.8 **Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we can not mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA"), and split any AAA and mediator fees equally.

20.9 **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

20.10 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

20.11 **Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Dispute Resolution provisions contained herein.

ARTICLE 21

MISCELLANEOUS PROVISIONS

21.1 **Company's Right To Cure Defaults.** In addition to all other remedies herein granted, if you shall default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement, we may, at our election, cure such default on your behalf, and the cost to us thereof shall be due and payable on demand.

21.2 **Waiver and Delay.** No waiver by us of any default or series of defaults in performance by you, and no failure, refusal or neglect of ours to exercise any right, power or option under this or any other agreement between us and you, or to insist upon strict compliance with or performance of your obligations under this Agreement, any other franchise agreement between us and you, shall constitute a waiver of the provisions of this Agreement or the Policies with respect to any subsequent default.

21.3 **Survival of Obligations.** Termination or expiration shall be without prejudice to any other rights or remedies that we or you shall have. In no event shall a termination or expiration of this Agreement affect your obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration) covenants and agreements shall survive the termination or expiration of this Agreement.

21.4 **Successors and Assigns; Benefit.** This Agreement shall be binding upon and inure to the benefit of our successors and assigns. This Agreement is for the benefit of the parties only, and, except as expressly provided in this Agreement, is not intended to and shall not confer any rights or benefits upon any person who is not a party to this Agreement.

21.5 **Joint and Several Liability.** If the named Franchisee includes more than one person and/or Business Entity, such person(s) and/or Business Entities shall be deemed to be a general partnership and each shall be jointly and severally liable for all obligations and liabilities of the "Franchisee."

21.6 **Entire Agreement.** This Agreement and the Manuals contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties. All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this Agreement, are merged and are expressly and superseded by this Agreement, except such representations as are made in the franchise disclosure document delivered to you and any representations made by you in acquisition of this Agreement. No officer or employee or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the franchise disclosure document delivered to you, and you agree that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by us in the franchise disclosure document delivered to you.

21.7 **Severability.** Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement or the Manuals and any Applicable Law contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manuals thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of Applicable Law. If any provision of this Agreement or the Manuals shall be held to be invalid or otherwise unenforceable, the invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement or the Manuals shall continue in full force and effect.

21.8 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

ARTICLE 22 ACKNOWLEDGMENT

22.1 **General.** You and your owners, jointly and severally acknowledge that you have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that you have obtained the advice of counsel in connection with entering into this Agreement, that you understand the nature of this Agreement, and that you intend to comply herewith and be bound hereby.

22.2 **Due Execution.** The submission of this Agreement to you does not constitute an offer and this Agreement shall become effective only upon the execution thereof by us and you. THIS AGREEMENT SHALL NOT BE BINDING ON US UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

N WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of our execution.

"Company"

Garage Experts International LLC,
a California limited liability company

By: _____

Name: Mike Meursing

Its: President

Date of signing: _____

"Franchisee"

- _____
- ☐ an individual
 - ☐ a _____ general partnership;
 - ☐ a _____ limited partnership;
 - ☐ a _____ limited liability company;
 - ☐ a _____ corporation;

By: _____

Name: _____

Its: Owner

Date of signing: _____

APPENDIX 1 DEFINITIONS

"Additional Training" shall have the meaning set forth in Section 6.4.

"Affiliate" when used in connection with Company or Franchisee, includes each person or Business Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term **"Affiliate"** when used herein in connection with Franchisee includes any Business Entity 5% or more of whose Equity or voting control, is held by person(s) or Business Entities who, jointly or severally, hold 5% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Business Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Business Entity whether by contract or otherwise. Notwithstanding the above definition, if Company or its Affiliate has any ownership interest in Franchisee, the term **"Affiliate"** shall not include or refer to Company or that Affiliate (the **"Company Affiliate"**), and no obligation or restriction upon an **"Affiliate"** of Franchisee, shall bind Company, or Company's Affiliate or their respective parents or subsidiaries, officers, directors, or managers.

"Agreement" means this Franchise Agreement, together with all exhibits and addenda to this Franchise Agreement.

"Agreement Year" Each twelve (12) month period starting on the Business Commencement Date or any anniversary of such date.

"Ancillary Products" shall have the meaning set forth in Section 10.3.

"Applicable Law" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all contractors licensing laws, building codes, immigration and labor laws, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"Assignment" shall mean any sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance ("transfer"), voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, of any direct or indirect interest in this Agreement or in the Equity or voting rights of Franchisee if a Business Entity, and the withdrawal, death or legal incapacity of any Owner of Franchisee; the admission of any additional general partner or the transfer by any Owner general partner of any of its Partnership Rights in the Partnership; and any merger, stock redemption, consolidation, reorganization, recapitalization involving Franchisee, however effected.

"Authorized Products and Services" means design, sale and installation of customized residential garage storage systems, decorative concrete coatings and garage floor coatings, including all products and services produced, organized or distributed, which are now or hereafter approved or designated by Company. When used separately, **"Products"** means the products and **"Services"** means the services that, in each case, are included within the definition of Authorized Products and Services.

"Business" means a business, under the Marks and in accordance with the System and specializing in the sale of Authorized Products and Services.

"Business Commencement Date" shall have the meaning set forth in Section 4.5.

"Business Entity" means a Partnership, limited liability company, and any association, corporation or other entity which an individual is not.

"Company" shall have the meaning provided in the introductory paragraph of this Agreement.

"Competitive Activities" means to, own, operate, lend to, advise, be employed by, or have any financial interest in any business that engages in the offer, sale or provision of residential, commercial and/or retail (i) storage design and/or installation; or (ii) floor or storage

coatings. **"Computer System"** shall have the meaning set forth in

Section 7.5. **"Continuing Royalty"** shall have the meaning set forth in Section 5.1.

"Crisis Management Event" means any event that occurs at or about the Office or in connection with the operation of the Franchised Business that has caused or may cause harm or injury (physical or otherwise) to customers or employees, such as construction accidents, contagious diseases, criminal acts, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or reputation of Businesses of Company or its Affiliates.

"Designated Products" shall have the meaning set forth in Section 10.2.

"Effective Date" shall have the meaning provided in the introductory paragraph of this Agreement.

"Equity" means capital stock, membership interests, Partnership Rights, or other equity ownership interests of a Business Entity.

"Force Majeure" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

"Franchisee" shall have the meaning provided in the introductory paragraph of this Agreement.

"Garage Experts' Brand Products" means any product now existing or developed in the future that bears or is sold or packaged under any of the Marks.

"Governmental Authority" means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Sales" means the total of all revenues received or receivable by Franchisee as payment, whether in cash, by debit card or for credit or barter or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services, and supplies sold by the Franchised Business, or which are promoted or sold by Franchisee under any of the Marks, whether or not Company offers such services or products in its other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Business Entity (including Franchisee's Affiliate(s)) from the Franchised Business; (b) sales of Authorized Products and Services in contravention of this Agreement from businesses other than the Franchised Business; (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible; (d) mail or telephone orders received or filled in or from the Franchised Business; and (e) orders taken in or from the Licensed Business although filled or performed elsewhere.

Notwithstanding the foregoing, "Gross Sales" shall exclude the following: (i) Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, merchandise, services, and supplies sold at, from, or in connection with the Franchised Business, provided that such taxes are actually transmitted to the appropriate Governmental Authority; and (ii) Sums representing tips, gratuities or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; and (iii) Proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee's products and services offered in connection with the Franchised Business nor having any material effect upon the ongoing operation of the Franchised Business required under this Agreement.

"Heirs" shall have the meaning set forth in Section 15.8.

"Infringement Fine" shall have the meaning set forth in Section

5.5. **"Initial Attendees"** shall have the meaning set forth in

Section 6.1.

"Initial Training Program" shall have the meaning set forth in Section

6.1. **"Inspectors"** shall have the meaning set forth in Section 11.4.

"Internet" means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission.

"Internet Referral Sources" means operators of Internet websites (or similar referral sources) that offer to refer customers to Company and its franchisee for a fee.

"Lease" shall mean any agreement, however denominated, that allows Franchisee to occupy the Office if owned by a third party, including any lease, sublease, concession agreement, license, and similar arrangement between Franchisee and a third party.

"Franchised Business" means the business operated pursuant to this Agreement, from the Office and through the use of Vehicles, under the Marks and in accordance with the System and specializing in the sale and provision of Authorized Products and Services within the Trade Area.

"Major Owner" means an Owner that owns and controls more than 25% of the Equity and voting rights of Franchisee.

"Manuals" means Company's operations manual(s), and all related manual(s) now or hereafter created by Company for use in the operation of the Franchised Business, as the same may be amended and revised from time to time (except that such amendments will not alter Franchisee's fundamental status and rights under this Agreement), including all bulletins, supplements and ancillary manuals, and reference made to the Manuals in this Agreement, or in any amendments, exhibits, appendixes or schedules hereto, shall be deemed to mean the Manuals kept current by amendments from time to time.

"Marks" shall have the meaning set forth in Recital A.

"National Accounts" means any (i) potential or existing commercial customer that has multiple sites, offices, or retail premises located within and outside of the Trade Area, (ii) any home improvement retail or wholesale outlet, regional home improvement or hardware store, design center, department store, or "membership based retailer", such as Costco or Sam's Club; (iii) construction company, contractor, homebuilder; and/or (iv) related business whose clientele include potential customers for Authorized Products and Services.

"Notice of Election" shall have the meaning set forth in Section

3.3.1. **"Office"** shall have the meaning set forth in Section 4.1.2.

"Owner" means (i) any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of a Business Entity; and (ii) any person that controls more than 5% of the voting rights of a Business Entity; except that if Company has any ownership or voting interest in Franchisee, the term **"Owner"** shall not include or refer to Company or its Affiliates, and no obligation or restriction upon "Franchisee", or its Owners, directors or officers shall bind Company or its Affiliates, or their respective Owners, directors or officers.

"Partner" means any partner of a Partnership.

"Partnership" means any general partnership, limited partnership or limited liability

partnership. **"Partnership Rights"** means voting power, property, profits or losses, or

partnership interests of a Partner.

"Policies" means the standards, specifications, policies, rules, regulations, procedures, protocols, restrictions, recommendations and guidelines as Company may establish and revise from time to time, whether contained in the Manuals or as Company may otherwise direct in writing.

"Proprietary Software" shall have the meaning set forth in Section 7.5.2.

"Qualified Household" means an "Owner Occupied Unit" determined by data issued by the United States Census Bureau, or such other reliable source determined appropriate by Company.

"Reporting Period" means a calendar month, or such other time period as Company may designate from time to time in writing.

"Restricted Person" means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the General Manager, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

"ROFR" shall have the meaning set forth in Section 14.3.

"ROFR Period" shall have the meaning set forth in Section 14.3.

"Successor Agreement Right" shall have the meaning set forth in Section 3.2.

"Successor Franchise Agreement" shall have the meaning set forth in Section

3.2. **"Successor Term"** shall have the meaning set forth in Section 3.2.

"Suppliers" shall have the meaning set forth in Section

10.3. **"System"** shall have the meaning set forth in Recital

B.

"Term" shall have the meaning set forth in Section 3.1.

"Trade Area" means the geographic area set forth in Schedule 1.

"Trade Secrets" means proprietary and confidential information, including: Policies, the Manuals, specifications; suppliers; customer lists, names, addresses and other customer information; procedures; concepts; systems; know-how; plans; strategies; methods and techniques of operating a Business.

"Travel Expenses" means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Company's employees', salespersons', agents' and/or representatives' expenses, a per diem charge determined by Company in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses.

"Unassigned Area" shall have the meaning set forth in Section

2.4.1. **"URL"** means uniform resource locator.

"Vehicle" or **"Vehicles"** shall have the meaning set forth in Section 4.2.2.

"Wages" means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment-related taxes, overtime compensation, vacation benefits, pension and profit sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

SCHEDULE 1

TRADE AREA

Check Applicable Box:

☐ The area outlined on the attached map and described as follows:

☐ The area described as follows:

* If the Trade Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Trade Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

SCHEDULE 2

FRANCHISEE

INFORMATION

Franchisee is a (check as applicable): ☐ sole proprietor
☐ corporation ☐ limited partnership
☐ limited liability company ☐ general partnership
☐ Other (specify): _____

The name and address of each Owner of Franchisee is:

NUMBER OF SHARES OR PERCENTAGE

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
-------------	----------------	-----------------

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

There is set forth below the name and address of each director, member, or general partner, as applicable, of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>
-------------	----------------

_____	_____
_____	_____
_____	_____

There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

<u>NAME</u>	<u>ADDRESS</u>
-------------	----------------

_____	_____
_____	_____
_____	_____

The address where Franchisee's financial records, and Business Entity records (e.g. Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

SCHEDULE 3

Temporary Trade Area Agreement

Temporary Trade Area:

[enter Temporary Trade Area here]

We have designated an approved temporary trade area above. Work performed within temporary trade areas will have all applicable territorial rights as determined by us. This will be deemed as protected and cannot be infringed on. You are approved to operate and market within the temporary trade area. Should the area be sold the temporary right will be rescinded and deemed protected.

Article 2 – Franchise Agreement

2.3 Territorial Rights.

2.3.1 Except as set forth in Section 2.3.2 and Section 2.4, during the Term neither we nor any Affiliate of ours shall open or operate any Business within the Trade Area, nor knowingly supply others that operate a business that uses the “Garage Experts” name within the Trade Area.

2.3.2 Except to the limited extent expressly provided in Section 2.3.1, the license granted to you under this Agreement is nonexclusive and we expressly reserve all other rights, including, the exclusive, unrestricted rights, to directly or indirectly:

(a) own or operate, and to license others (which may include our Affiliates) to own or operate (1) Business at any location outside the Trade Area, but regardless of the proximity to the Trade Area, and (2) businesses, including those that may be the same as or similar to a Business, which operate under names other than “Garage Experts” at any location, and of any type whatsoever, regardless of their proximity to the Trade Area and whether or not such businesses use any portion of the System;

(b) own or operate, and to license others to manufacture, produce, license, distribute and market products (whether or not under the Marks), including cabinets, floor coatings, floor coverings, racking, modular storage systems, and accessories, through any outlet (regardless of its proximity to the Trade Area), including home improvement stores, hardware stores, specialty stores and through any distribution channel, at wholesale or retail, including by means of the Internet, Internet web site, mail order catalogs, direct mail advertising and other distribution methods;

(c) acquire or be acquired by, and subsequently operate and license others to operate non-“Garage Experts” businesses which may offer customized residential garage storage design and installation services, or related goods and services, at any location, and of any type or category whatsoever, regardless of proximity to the Trade Area;

(d) provide services to a customer in the Trade Area if the customer is a National Account; and

(e) advertise within and travel through the Trade Area.

(f) There shall be a 3-month exemption from performing work in a new protected territory that was just issued to a new franchisee. The original franchisee shall have the right to complete work up to three months

after the new territory is issued so long as they can show that the estimate was performed before the new territory was issued. Proof of estimate timing shall reside in Franchise Central, if there is no evidence of the estimate being done in Franchise Central prior to the new territory being issued then the franchisee will be subject to the trade area infringement free as listed in section 5.5 if they perform the work.

2.5 Temporary Additional Trade Area.

2.5.1 In our sole discretion, we may, upon your written request, temporarily permit you to solicit and service customers in areas contiguous to your Trade Area that have not been assigned to another Garage Experts franchisee ("Unassigned Area"). If we allow you to do so, you must sign this Schedule 3 to the Franchise Agreement, a Temporary Trade Area Agreement, and we may impose certain restrictions and terms in the Temporary Trade Area Agreement unique to the particulars of your Temporary Trade Area and situation. Notwithstanding the foregoing, you shall not establish, construct, maintain or operate a physical office, showroom, or any type of facility outside of the Trade Area.

2.5.2 You do not receive any right of first refusal or other rights of any type to an Unassigned Area by virtue of operations in that Unassigned Area. We may sell any Unassigned Area territory at any time, without advance notice to you. If we authorize you to operate outside the Trade Area, such authorization shall at all times be and remain subject to our right to rescind, cancel, amend or modify such authority. Without limiting the foregoing, we may give a notice to cease operating in an Unassigned Area without regard to whether the Unassigned Area has been sold to another franchisee or if we or our Affiliate will commence operations in such area. After we give notice to cease operating in the Unassigned Area, you may (for a maximum of 15 days) provide Authorized Products and Services for which appointments orders were received before we gave you notice to cease operating in the area. You will, without compensation, engage in an orderly transition of your customers in the applicable Unassigned Area to the new franchisee, us or our Affiliate, as applicable.

Item 12 Territory- Franchise Agreement

We grant you the right to operate a single Business, including an Office in your home or another site acceptable to us, and one or more Vehicles within a specific geographic area (the "Trade Area"). You may not relocate your Office to any other location without our consent.

Your Trade Area will be described on Exhibit A to your Franchise Agreement and it will contain approximately 100,000 Qualified Households. Qualified Household means an "Owner Occupied Unit" determined by data issued by the United States Census Bureau, or other reliable source which we deem appropriate. The exact geographic boundaries of your Trade Area will be determined by us, based on criteria such as the number of Qualified Households in the area and the territorial rights which have previously been given to existing licensees and franchisees in the surrounding areas. Your Trade Area may be defined by reference to streets, natural boundaries or zip codes or may be one or more cities, counties, states, or countries, or some other defined area. Where a street boundary is used, the center of the street is the boundary.

We do not grant rights of first refusal.

However, we may allow you to enter into an Option Agreement for the one year right to purchase one or more additional territories for \$2,500 per territory. We credit the \$2,500 Option Fee against your Initial franchise fee if you purchase the Territory. We refund the Option Fee to you if we cancel the Option Agreement before the one year term has expired because we have decided to sell the territory to another prospect. See Exhibit B.

If we authorize you to operate outside the Trade Area, such authorization shall at all times be and remain subject to our right to rescind, cancel, amend or modify such authority in any manner we deem appropriate in our sole and absolute discretion.

(f) Unless we agree otherwise, you may not solicit (including by using other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing) or accept orders from customers outside of your Trade Area. If you render services or provide products to customers located in another franchisee's trade area, you may be required to pay us the Infringement Fee. We may, in our sole discretion, temporarily permit you to operate your Business in areas contiguous to your Trade Area that have not been assigned to another Garage Experts franchisee. If we allow you to do so, we may impose certain restrictions and terms (including signing a separate written agreement) and the right may be exclusive or non-exclusive. You are not allowed to construct or operate a fixed office, showroom or retail space outside of your Trade Area and we may cancel or modify your right to operate outside of your Trade Area at any time. If you receive leads for customers located in another franchisee's trade area, you may offer such leads to the franchisee in whose trade area the customer resides only in accordance with our then current Policies, which may include restrictions on the referral fees, if any, that you may request or receive.

Franchisee:
LLC

By: _____

Name: _____

Its: _____

Date: _____

Franchisor: Garage Experts International,

By: _____

Mike Meursing, President

Date: _____

Schedule 4

CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of Garage Experts International LLC, a California limited liability company ("Company"), granting a franchise to _____, a(n) ("Franchisee"), the undersigned, _____ and _____ ([jointly and severally,] "Guarantor"), agree as follows:

1. Guaranty of Obligations.

1.1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Company and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement _____ (the "FA") and each of the documents, instruments and agreements executed and delivered in connection with the FA or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the "Obligations"), and all documents evidencing or securing any of the Obligations. This continuing guaranty (this "Continuing Guaranty") is a guaranty of payment and performance when due and not of collection.

1.2 In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Company to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and expenses) paid or incurred by Company in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty.

2. Continuing Nature Of Guaranty And Obligations. This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (2) the power or authority or lack thereof of Franchisee to incur the Obligations; (3) the validity or invalidity of any of the Obligations; (4) the existence or non-existence of Franchisee as a legal entity; (5) any statute of limitations affecting the liability of Guarantor or the ability of Company to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations; or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty.

3. Permitted Actions Of Company. Company may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (5) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Company shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under

this Continuing Guaranty; or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific
Waivers.

4.1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Company of this Continuing Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Company's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Company permitted under this Agreement; (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under California Civil Code Sections 2787 to 2855, inclusive, and Section 2899 and 3433, and all successor sections; and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2 Guarantor waives all rights and defenses arising out of an election of remedies by Company. Without limiting the generality of the foregoing, Guarantor acknowledges that it has been made aware of the provisions of California Civil Code Section 2856, has read and understands the provisions of that statute, has been advised by its counsel as to the scope (or has had an opportunity to consult with counsel and has not availed itself of such opportunity), purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, Guarantor agrees to waive all suretyship rights and defenses available to Guarantor that are described in California Civil Code Section 2856(a).

4.3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Company shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Company shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Non-Competition, Trade Secrets, Effect of Applicable Law. Sections 13.1 (Non-Competition), 13.2 (Trade Secrets), and 13.3 (Effect of Applicable Law) of the Franchise Agreement, are incorporated into this Continuing Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guaranty as a direct and primary obligation of Guarantor.

7. Assignment Of Company's Rights. Company may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Company.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Company of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Company, except as expressly set forth in a writing signed by Company. No action of Company permitted under this Continuing Guaranty shall in any way affect or impair the rights of Company or the obligations of Guarantor under this Continuing Guaranty.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Company to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Company has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Company that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1 This Continuing Guaranty shall inure to the benefit of Company and its successors and assigns.

11.2 All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Company of a Guarantor's death.

11.3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Company, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations

shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty.

12. Governing Law. Article 202 of the Franchise Agreement, entitled "Dispute Resolution," applies with respect to any disputes arising out of or related to this Continuing Guaranty.

13. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY.

14. Entire Agreement. This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Company not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty. This Continuing Guaranty may only be modified by a writing executed by Guarantor and Company.

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty on the date entered below:

By: _____

Name: _____

Its: Owner

Date of signing: _____

Schedule 5

State Addenda to the Franchise Agreement

**CALIFORNIA ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

Sections 15.2 and 15.3 are deleted and in their place are substituted the following:

15.2 Option to Terminate Without Notice. We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 15.3 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

15.3 Termination with Notice and Opportunity To Cure. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

Franchisor: Garage Experts International, LLC

By: _____

Mike Meursing, President

Date: _____

**ILLINOIS ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois. In that respect, you agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association in the city or county where our National Headquarters office is located.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

**MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. Release. Sections 3.43 and 14.2.1 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
2. Consent to Jurisdiction. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, except as to claims subject to arbitration.
3. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
4. Acknowledgments. Articles 21.6 and 22 of the Franchise Agreement are amended by the addition of the following at the end of such Sections: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 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.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4.3 and 14.2.1(h) thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the Minnesota Franchise Act.

4. Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a jury trial. The provision in Section 20.3 of the Franchise Agreement waiving your rights to a jury trial is hereby deleted and shall have no force or effect.

5. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 12.4 thereof, Company will indemnify Franchisee for all costs and expenses it incurs in any action or proceeding brought against Franchisee by any third party as a result of Franchisee's authorized use of Company's trademarks.

6. Section 13.2.3 of the Franchise Agreement is deleted in its entirety and replaced with the following:

"13.2.3 In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth herein in connection with these matters, the parties agree that each party shall have the right in a proper case to seek specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the jurisdiction of the courts of the city and state in which Company maintains its principal business address from time to time, and the U.S. federal courts sitting therein for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in the city and state in which Company maintains its principal business address from time to time.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

**NORTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4 and 14.2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law.

2. The following caveat is added to Section 13.1.2:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 16.1.3 of the Franchise Agreement is hereby deleted in its entirety by this reference.

4. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 20.1 thereof, the Franchise Agreement and the legal relations among the parties to the Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

5. Section 20 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

"This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota."

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

**SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. Section 5 of the franchise agreement is clarified to also indicate that 50% of the initial franchisee fee and royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

The state of Washington has a statute, 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

The undersigned does hereby acknowledge receipt of this addendum.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

**WISCONSIN ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum forms a part of the Franchise Agreement dated _____, between Garage Experts International, LLC ("we", "us", or "our") and _____, the franchisee ("you" or "your"). To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits thereto, the terms of this Addendum shall govern.

1. If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

2. The franchise agreement is amended to include the following language:

With respect to franchises governed by Wisconsin law, the franchisor will comply with Wisconsin Statutes, Chapter 135, Section 135.04 which requires, except in certain circumstances, that a franchisee be given 90 days' notice of termination, cancellation, nonrenewal or substantial change in competitive circumstance of the franchise agreement with 60 days to cure.

Franchisee:

By: _____

Name: _____

Its: _____

Date: _____

**Franchisor: Garage Experts International,
LLC**

By: _____

Mike Meursing, President

Date: _____

Exhibit B
Option Agreement

OPTION AGREEMENT

This Option Agreement is entered into as of the Effective Date entered below between the below named Franchisee ("Franchisee") and Garage Experts International LLC ("Garage Experts").

WHEREAS Franchisee is acquiring one or more Garage Experts franchise territories;

WHEREAS Franchisee desires to secure the right for a period of one (1) year to enter into one or more additional Garage Experts franchise territories;

WHEREAS Garage Experts desires to grant to Franchisee an option to purchase one or more additional Garage Experts franchise territories upon the terms and condition set forth below;

NOW THEREFORE, in consideration of the mutual promises and undertakings herein, the parties agree as follows:

1. Grant of Option

Garage Experts hereby grants to Franchisee the exclusive option to purchase the Garage Experts franchise territory(ies) described as follows:

Enter Trade Area(s) here:

Trade Area 1:

Trade Area 2:

2. Term and Manner of Exercise

This Option Agreement may be exercised by Franchisee for a period of one (1) year from the Effective Date below ("Option Period") by delivering to Garage Experts written notice of its exercise of this option along with payment of the remaining initial franchise fee for the territory(ies) as to which the option is exercised, after any applicable Franchise Disclosure Document disclosure holding period.

If Franchisee does not exercise this Option Agreement by such time period, this Option Agreement shall be of no further force and effect.

3. Option Purchase Price

Concurrently with the execution of this Option Agreement, Franchisee shall deliver to Garage Experts \$2,500 per Garage Experts territory listed above. If Franchisee exercises the Option Agreement, the Option Purchase Price shall be credited against the Initial franchise fee otherwise due for the territory in question. If Franchisee does not timely exercise this Option Agreement, Garage Experts may retain the Option Purchase Price as consideration for its rights given up under this Option Agreement. If this Option Agreement is for more than one (1) territory, and Franchisee exercises this Option Agreement as to some but not all territories, then the Franchisee shall be credited with \$2,500 against the purchase price of each territory purchased and Garage Experts shall retain \$2,500 per each territory as to which this Option Agreement lapsed.

4. Garage Experts' Right to Cancel

If a franchise prospect that Garage Experts feels is qualified expresses an interest in any Garage Experts territory covered by this Option Agreement, within the Option Period, Garage Experts may serve written notice upon Franchisee of its cancellation of this Option Agreement as to such territory(ies) and shall, at the same time, refund the \$2,500 paid per franchisee territory to Franchisee and then Garage Experts may sell the franchise territory(ies) to the other prospect with no further obligation to Franchisee.

5. Assignment

Franchisee may not assign any of its rights under this Option Agreement to another person or entity. Garage Experts may assign its rights under this Option Agreement to a third party who agrees to remain bound to the terms of this Option Agreement.

6. Miscellaneous

- a. Entire Agreement. This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof, and no prior or contemporaneous written or oral agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto.
- b. Time of Essence. Time is of the essence of this Agreement.
- c. Binding Effect. The provisions of this Option Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- d. No Waiver. No waiver of any of the provisions of this Option Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- e. Further Acts. Each party shall, at the request of the other, execute, acknowledge (if appropriate) and deliver whatever additional documents, and do such other acts, as may be reasonably required in order to accomplish the intent and purposes of this Option Agreement.
- f. Amendments. This Option Agreement may not be changed or modified except by an instrument in writing executed by the party asserted to be bound thereby.
- g. Governing Law. This Option Agreement shall be subject to the Dispute Resolution provisions in the most recent Franchise Agreement between the parties.

Franchisee:

Franchisor: Garage Experts International LLC

By: _____
Signature

By: _____
Mike Meursing, President

Printed Name: _____

Effective Date: _____

Entity Name: _____

Title: _____

Exhibit C
General Release

THIS RELEASE is made and given by _____,
("Releasor") with reference to the following facts:

1. Releasor and Garage Experts International LLC (Releasee) are parties to one or more franchise agreements.
2. The following consideration is given:

_____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or

_____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or

_____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

_____ [insert description]

3. Release- Franchisee and all of Franchisee's guarantors, members, officers, directors, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.
7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

Releasor:

Garage Experts International LLC

By: _____

By: _____
Mike Meursing, President

Printed Name: _____

Date: _____

Title: _____

Exhibit D**List of Franchisees****Operational Outlets:**

Franchise Owner(s)	Phone #	Address	State
Ronald Cook	205-215-5862	3061 Easonville Rd. Pell City, AL 35128	AL
Asa Chandler	888-340-4014	PO Box 670141 Chugiak, AK 99567	AK
Ray Schlagel	602-549-7205	13012 N. 19 th Street Phoenix, AZ 85022	AZ
Wayne Mansanares	775-397-0958	3860 S. Tucson Estates Parkway Tucson, AZ 85713	AZ
Paul Schultheis	559-312-2899	755 N Peach Ave. H-11 Clovis, CA 93611	CA
Marc Ross	916-612-2399	9421 Wiltshire Way Orangevale, CA 95662	CA
Marc Ross	916-612-2399	9421 Wiltshire Way Orangevale, CA 95662	CA
Peter Barkann	530-725-5295	1324 Pine Valley Road South Lake Tahoe, CA 96150	CA
Alex Moody	714-420-9733	4421 Acorn Ct. Yorba Linda, CA 92886	CA
Alex Moody	714-420-9733	4421 Acorn Ct. Yorba Linda, CA 92886	CA
Robert Grimes	702-369-9698	5634 Kipling Pkwy 3-102, Arvada, CO 80002	CO
Chad Bavender	720-385-6647	3216 Ensenada Way Aurora, CO 80013	CO
David Lyon	719-464-3467	4357 Wait Crt. Colorado Springs, CO 80911	CO
Mark Scofield	720-469-0606	6148 Beeler Ct. Denver, CO 80238	CO
Brandon Stille	970-308-3644	997 South Edinburgh Dr. Loveland, CO 80537	CO
Chris Mefferd		872 Norwich Avenue	CT

	860-861-4160	Colchester, CT 06415	
Thomas Miller	321-558-4464	667 Fosters Grove Loop Oviedo, FL 32765	FL
Kevin Bender	720-385-6647	3240 Berwick Lane Lakeland, FL 33810	FL
Alan Blanco	513-715-4472	8542 NW 11 th Circle Miami, FL 45014	FL
Ryan Burke	616-826-5161	3251 Gatlin Dr. Rockledge, FL 32955	FL
Bill Pollock	941-757-8301	2800 Geneva Road Venice, FL 34293	FL
Randal & Alicia Herring	706-577-8420	4495 Ivy Wood Dr. Fortson, GA 31808	GA
Seneca & Danielle Washington	678-793-4898	6525 Terraglen Way Locust Grove, GA 30248	GA
Sam Hicks	706-239-0462	3769 Elberton Hwy Hartwell, GA 30643	GA
Jason Lindsey	678-615-0402	3933 Springtree Lane Hoschton, GA 30548	GA
Jason Lindsey	678-615-0402	3933 Springtree Lane Hoschton, GA 30548	GA
Barrington Clarke	757-270-0548	5940 Rosie Lane SE Mableton, GA 31026	GA
Tom Conger	208-668-0123	4230 N Ballantyne Ln. Eagle, ID 83616	ID
John Menendez	314-607-7859	6 Downing Place Glen Carbon, IL 62034	IL
David Molinaro	630-333-6081	142 N. West Rd. Lombard, IL 60148	IL
Steve Golub/ Nick Golub	219-898-6584	2253 Four Seasons Pkwy. Crown Point, IN 46307	IN
Jim Nickless	812-268-2647	2229 Heritage Ave. Evansville, IN 47711	IN
Paul Butcher/Nate Butcher	606-369-4527	PO Box 586 West Van Lear, KY 41268	KY
Michael Noel	504-559-5762	53 Boras Lane Des Allemands, LA 70030	LA

John Schexnăildre	225-888-3201	124 7 th Street Port Allen, LA 70767	LA
Ken Zuromski	410-688-7605	736 Winterfield Court Bel Air, MD 21015	MD
Buddy Nichols	301-943-2803	5453 Harris Farm Ln. Clarksville, MD 21029	MD
Darin Sipe	301-658-2553	740 Monarch Lane Huntington, MD 20639	MD
Josh & John Payton	612-414-1036	1996 Scarborough Ct Chaska, MN 55318	MN
Steven Brown	507-323-0951	510 N. Montgomery Ave Le Sueur, MN 56057	MN
Steven Novak	916-240-4741	5805 N. Bedford Ave Kansas City, MO 64151	MO
Mark and Shelly Long	951-529-4655	3621 E. Kingswood Dr. Springfield, MO 65809	MO
James Buff	636-288-0334	7 Coachman Ct. Fallon, MO 63368	MO
Toby Baker	919-624-2159	102 Mel Oaks Dr. Chapel Hill, NC 27516	NC
Thomas Merritt/Jonathan Williams	910-377-0112	115 Candlewood Dr. Hampstead, NC 28443	NC
Mark Buchanan/Ron Petoia	704-900-9109 704-467-3360	130 Glen Allan Rd. Mooresville, NC 28115	NC
Thomas Haddock	336-908-9773	236 Cross Country Chase Stokesdale, NC 27357	NC
Stephen George/Kevin Attar	978-767-4919	Business: P.O. Box 482 Salem, NH 03079 Shipping: 14 Sylvester Land Hampstead, NH 03841	NH
Carl Madsen	505-210-4248	90 Saiz Rd. Corrales, NM 87048	NM
Nick Williams	208-600-2344	8166 Aster Meadow Way Las Vegas, NV 89113	NV
Salman Mahdi		302 Woodbury Rd.	NY

	516-547-1624	Hicksville, NY 11801	
Brett Simon	845-629-2600	4 Omni Ct. New City, NY 10956	NY
John Baldwin/Matt Hobbs	513-805-6746	31 Wellesley Place Fairfield, OH 45014	OH
Kris Henthorn	817-584-4838	9733 Brewster Lane Keller, TX 76244	OK
Richard Edward	484-793-2298	136 Wild Run Rd. Barto, PA 19504	PA
Jason Barnhart	724-991-3992	16025 Stein Rd. Chicora, PA 16025	PA
Joe Barnhart	717-615-5559	41 Brookfield Dr. Elizabethtown, PA 17022	PA
Joe DeCaro	724-757-2497	9 Webster St. Jeanette, PA 15644	PA
Matt Tadlock	606-220-0020	301 Central Ave. #325 Hilton Head, SC 29926	SC
Mike Albin	843-315-5052	315 Saint Andrews Lane Myrtle Beach, SC 29588	SC
Randy Robinson	704-995-0535	1230 Melton Road Oconee, SC 29696	SC
Alex Stafford	931-629-1759	1713 Whippoorwill Dr. Apt. A Lawrenceburg, TN 38464	TN
James Woods	806-672-3657	P.O. Box 51138 Amarillo, TX 79159	TX
Tim & Christina McFadden	972-632-7422	604 Haven Dr. Anna, TX 75409	TX
Charles Schnarr	281-841-8021	3719 Grand Hills Lane Friendswood, TX 77546	TX
Paul Bennett	832-993-0300	24734 Fernglen Drive Katy, TX 77494	TX
Paul Bennett	832-993-0300	24734 Fernglen Drive Katy, TX 77494	TX
Paul Bennett	832-993-0300	24734 Fernglen Drive Katy, TX 77494	TX
Kris Henthorn	817-584-4838	9733 Brewster Lane Keller, TX 76244	TX

Kris Henthorn	817-584-4838	9733 Brewster Lane Keller, TX 76244	TX
Stephen Campbell	817-781-5394	15304 CR 2150 Lubbock, TX 79423	TX
Alan Flores	817-600-6162	2725 Marshall Trail Round Rock, TX 78665	TX
Jon Whittaker	210-807-8288	3719 Sunset Heights San Antonio, TX 78261	TX
Stephen Williams	713-851-4175	23719 Bernshausen Drive Spring, TX 77389	TX
Johnny Munoz	254-415-8409	1540 Sandstone Loop Temple, TX 76502	TX
JaRelle & David Davis	801-726-1943	702 Weaver lane Layton, UT, 84041	UT
Todd & Pam Gunter	208-351-3635	9980 S 300 W, Suite 200 Sandy, UT 84070	UT
Doug and William	804-339-3883	1513 Robindale Rd. Richmond, VA 23235	VA
Gary Davis & Jon Wallace	757-303-0893	9416 Orroway Ct. Toano, VA 23168	VA
Michael Johnson	757-810-2497	2322 Charing Cross Rd. Virginia Beach, VA 23456	VA
David Lawrence	360-420-6875	21474 Rolling Ridge Drive Sedro Woolley, WA 98284	WA

Franchise Agreement Signed But Outlet Not Yet Open:

None

Exhibit E

List of Former Franchisees

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Florida

Tyler Dufenhorst
7167 Beck Street
Windermere, FL 34786
407-492-1600

Texas

Tim and Christina Mc Fadden
604 Haven Dr.
Anna Texas 95409
972-905-9343

Exhibit G

**State Administrators
And
Agents for Service of Process**

State	State Administrator	Agent for Service of Process
CALIFORNIA	Department of Business Oversight Division of Corporations 1515 K Street, Suite 200 Sacramento, CA 95814 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of Business Oversight Department of Business Oversight Division of Corporations 1515 K Street, Suite 200 Sacramento, CA 95814
CONNECTICUT	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Secretary of State Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
MARYLAND	Office of the Attorney General Securities Commission 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020
MICHIGAN	Department of Attorney General Consumer Protection Division Franchise Unit 525 W. Ottawa Street G. Mennen Bldg. Lansing, MI 48913 (517) 373-7117	Department of Attorney General Consumer Protection Division Franchise Unit 525 W. Ottawa Street G. Mennen Bldg. Lansing, MI 48913

State	State Administrator	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce Registration Division 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce Registration Division 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 212-416-8236	New York Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capital, 5 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Director, Department of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219
WASHINGTON	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd., SW Tumwater, WA 98501	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd, SW Tumwater, WA 98501 98504
WISCONSIN	Wisconsin Department of Financial Institutions 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities Wisconsin Department of Financial Institutions 345 W. Washington Ave. Madison, Wisconsin 53703

Exhibit H

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Table of Contents to Operations Manual

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Exhibit I

**State Addenda to the
Disclosure Document**

ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The State Cover Page is amended by the addition of the following RISK FACTORS:

THE TERRITORY IS NOT EXCLUSIVE AND YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES AND THE FRANCHISOR.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

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.

The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

Item 19: The earnings claims figures 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 Franchise Disclosure Document, may be one source of this information.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). 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).

Neither GEI, nor any person, in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR LICENSE AGREEMENT.

Our website is located at www.garageexperts.com

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

**ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC
DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following paragraphs shall be added to the state cover page:

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

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

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is the Commissioner of Securities of the State of Hawaii, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

2. Each provision of this Addendum to the Disclosure document is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-1, et seq., are met independently without reference to this Addendum to the Disclosure document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC
DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.u. is modified to provide that you must arbitrate claims against us.
2. Item 17.v. is modified to provide that arbitration shall take place in the location of our corporate headquarters.
3. Item 17.w. is modified to provide that Illinois law applies.
4. Any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
5. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. 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.

**ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC
DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17, "Renewal, Terminations, Transfer, and Dispute Resolution" shall be amended by addition of the following:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, except as to claims subject to arbitration.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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.

ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The State Cover Page is amended by addition of the following Risk Factors:

ALTHOUGH YOUR ROYALTIES BEGIN TO ACCRUE WHEN YOU SIGN YOUR FRANCHISE AGREEMENT, WE WILL DEFER COLLECTION OF YOUR ROYALTIES UNTIL AFTER YOU RECEIVE TRAINING AND ARE READY TO OPEN FOR BUSINESS. ONCE YOU ARE READY TO OPEN FOR BUSINESS YOU WILL PAY THE AMOUNT OF THE ACCRUED ROYALTIES THAT WE DEFERRED.

YOU DO NOT NEED TO BUY ANY PRODUCTS FROM US UNTIL YOU BEGIN BUSINESS AND MAKE YOUR FIRST SALE.

1. Item 6, "Other Fees," shall be amended by addition of the following:

We will defer your Continuing Royalty payments, and you will not purchase tools, products or supplies from VBP or us, until we have completed all of our pre-opening obligations to you, including providing our Initial Training Program, and until we have authorized you to open for business. Your accrued Continuing Royalties and product purchases will then be due.

3. Item 7, "Initial Investment," shall be amended by addition of the following:

We defer your initial franchise fee, royalties and product purchases until after you receive training and are ready to open for business. You do not need to make any purchases before opening for business, except for professional fees to review your Franchise Agreement before signing, and living and travel expenses to attend our training program in Anaheim, California.

4. Item 13, "Trademarks," shall be amended by addition of the following:

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or 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, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 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.

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, N.Y. 10005; 212-416-8236.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET 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 the 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.

ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 5, "Initial Fees," shall be amended by addition of the following:

We defer your initial franchise fee, royalties and product purchases until after you receive training and are ready to open for business.

2. Item 6, "Other Fees," shall be amended by addition of the following:

We will defer your Continuing Royalty payments, and you will not purchase tools, products or supplies from VBP or us, until we have completed all of our pre-opening obligations to you, including providing our Initial Training Program, and until we have authorized you to open for business. Your accrued Continuing Royalties and product purchases will then be due.

3. Item 17(r) in the table is modified by adding the following to the summary description opposite the subsection entitled. "Non-competition covenants after the franchise is terminated or expires":

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

a. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

b. Situs of Arbitration Proceedings: Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisee's business.

c. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

d. Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

e. Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

f. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.

i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

**ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC DISCLOSURE
DOCUMENT FOR THE STATE OF VIRGINIA**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Garage Experts International LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

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

ADDENDUM TO GARAGE EXPERTS INTERNATIONAL LLC DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal rights of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights signed by the 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 that 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.

Exhibit J – Receipt

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 Garage Experts International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that Garage Experts International, LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that Garage Experts International, LLC gives 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.

If Garage Experts International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The franchisor is Garage Experts International, LLC, 1900 Lakeway Drive, Suite 500, Lewisville, TX 75057. Its telephone number is (714) 829-2570.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

Issuance date: March 28, 2019.

The franchise sellers for this offering are:

- ☒ Mike Meursing, 245 Carl Karcher Way, Anaheim, CA 92801; Phone # (714) 829-2570
- ☒ Alfredo Miro, 245 Carl Karcher Way, Anaheim, CA 92801; Phone # (714) 829-2570
- ☒ Kristen Jones, 245 Carl Karcher Way, Anaheim, CA 92801; Phone # (714) 829-2570
- ☒ Natalie Greville, 245 Carl Karcher Way, Anaheim, CA 92801; Phone # (714) 829-2570

Garage Experts International, LLC authorizes the respective state agencies identified on Exhibit G to receive service of process for us in the particular state.

I received a disclosure document dated March 28, 2019 that included the following Exhibits:

- A. Franchise Agreement
 - Schedule 1 Trade Area
 - Schedule 2 Franchisee Information
 - Schedule 3 Temporary Trade Area Agreement
 - Schedule 4 Guaranty
 - Schedule 5 State Addenda to the Franchise Agreement
- B. Option Agreement

- C. General Release
- D. List of Franchisees
- E. List of Former Franchisees
- F. Financial Statements
- G. State Administrators and Agents for Service of Process
- H. Table of Contents of Manual
- I. State Addenda to the Disclosure Document
- J. Receipts

Date: _____

Prospective Franchisee:

By: _____ Name:

Individually and on behalf of the following entity:

Company Name: _____

Title: _____

Please sign, date, and retain this copy for your records.

Exhibit J – Receipt

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 Garage Experts International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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New York requires that Garage Experts International, LLC gives 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.

If Garage Experts International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

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- J. Receipts

Date: _____

Prospective Franchisee:

By: _____ Name:

Individually and on behalf of the following entity:

Company Name: _____

Title: _____

Please sign, date, and return this copy to us.