FRANCHISE DISCLOSURE DOCUMENT

OILSTOP
DRIVE THRU OIL CHANGE®

Auto Excellence LLC
A Delaware limited liability company
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The franchise offered is to operate a quick lube automotive service center under the "OILSTOP®" name and other trademarks that provides drive-thru automotive oil change and related services and products.

The total investment necessary to begin operation of an OIL STOP Service Center is $470,175 to $647,425. This includes $35,500 to $52,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Gary Woo, Marketing and Franchise Development Manager, at Auto Excellence LLC, 5330 Old Redwood Highway, Suite C, Petaluma, California 94954 and (707) 586-9934.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: April 23, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in the state in which the franchisor's principal offices are located at the time the demand or claim is filed (currently California). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Auto Excellence LLC ("we," "us" or "our"). "You" means the person or entity to whom we grant the franchise. If you are a corporation, limited liability company, or other legal entity, your owners must sign our "Guaranty and Assumption of Obligations." This means that all or some of the obligations contained in the Franchise Agreement (Exhibit B) also will apply to your owners.

We are a Delaware limited liability company organized on August 9, 2018. Our principal business address is 5330 Old Redwood Highway, Suite C, Petaluma, California 94954. If we have an agent for service of process in your state, we disclose that agent in Exhibit A. We operate under our company name and the Marks (defined below) described in Item 13 and no other name.

Our Parent, Predecessor and Affiliates

Our predecessor is Ps 1, Inc., a Nevada corporation ("Ps 1"). Ps 1 shared our principal business address. Ps 1 was the franchisor of and offered franchises for OIL STOP Service Centers (defined below) from July 1998 to October 2018.

On October 31, 2018, we acquired from Ps 1 the rights to the OIL STOP franchise system, including all then effective franchise agreements for OIL STOP Service Centers (the "Acquisition"). For periods before the Acquisition, "we" in this disclosure document means our predecessor.

We are a wholly-owned subsidiary of Oil Stop LLC, a Delaware limited liability company ("OSLLC"). OSLLC is a wholly-owned subsidiary of Project Petros LLC, a Delaware limited liability company ("Project Petros"). Prior to the Acquisition, Oil Stop, Inc., a California corporation ("Oil Stop"), was the parent company of Ps 1.

OSLLC owns the Marks we license to you under the Franchise Agreement and the rights to proprietary software known as "Serving People Excellently in the Details" or "SPEID", which we license to you under the Software License Agreement that is attached as Exhibit D to the Franchise Agreement (the "License Agreement").

OSLLC has operated company-owned OIL STOP Service Centers since October 2018 and, as of December 31, 2020, operated 15 OIL STOP Service Centers in Arizona, California and New Mexico. Oil Stop previously operated OIL STOP Service Centers from April 1988 to October 2018, when those OIL STOP Service Centers were acquired by OSLLC. OSLLC also operates a training center in Rohnert Park, California where we hold our initial training program for franchisees.

CPD Real Co. LLC, our affiliate and a Delaware limited liability company ("CPD"), may acquire sites or enter into real estate leases for the premises of OIL STOP Service Centers and lease or sublease them to franchisees. In the future, other of our affiliates (in addition to CPD) may also acquire sites or enter into real estate leases for the premises of OIL STOP Service Centers and lease or sublease them to franchisees.

OSLLC, Oil Stop, Project Petros, and CPD share our principal business address and have never offered franchises in any line of business or, unless specified above, directly operated OIL STOP Service Centers. We have no other predecessors, parents or affiliates required to be disclosed in this Item 1.

We have offered franchises for OIL STOP Service Centers since June 5, 2019. We have no other business activities and have not offered franchises in other lines of business. We have never operated an OIL STOP Service Center.

The Franchise Offered

We grant franchise rights to develop and operate quick lube automotive service centers identified by the Marks that specialize in providing oil and filter changes, transmission and differential service, coolant system service, gear oil service and other related services and products for automobiles and light duty trucks. In this disclosure document, we call these centers "OIL STOP Service Centers"; we call the OIL STOP Service Center that you will operate the "Service Center." OIL STOP Service Centers operate under the trademarks, service marks and other commercial symbols that we periodically designate, including "OILSTOP®" (the "Marks"). OIL STOP Service Centers emphasize fast and efficient customer service, value pricing and adherence to recommended maintenance schedules as a means of attracting and maintaining a loyal customer base. You must operate your Service Center under the Franchise Agreement. If you are converting your existing quick lube automotive service center to an OIL STOP Service Center, you also will sign the Conversion Addendum to Franchise Agreement (Exhibit F to the Franchise Agreement).

Market, Competition and Regulations

The automotive maintenance business, particularly the quick lube business, is developed and highly competitive and often affected by changes in local and national economic conditions. The principal basis of competition is the quality and price of services offered, but name identification, location, speed of service, advertising, and the general attractiveness of facilities are also important. Your competition will include other quick lube businesses close to your Service Center, including national and regional chains, local dealership service departments and independent garages. Sales generally are seasonally affected and are typically lower during the winter months.

There are federal, state and local laws that may regulate the storage and disposal of automotive fluids, including oil and other lubricants, at your Service Center. You may also be required to obtain certain licenses in order to perform certain services. You must comply with all laws that apply generally to all businesses (for example, tax and employment laws). You should investigate these laws.

ITEM 2

BUSINESS EXPERIENCE

Unless stated otherwise, all individuals disclosed in this Item 2 are currently located in our Petaluma, California offices.

Larry Dahl: Chairman Emeritus

Mr. Dahl has served as our Chairman Emeritus since October 2018. From July 1998 to October 2018, he served as Ps 1's Director and Chief Executive Officer. Mr. Dahl also served as the President of Oil Stop from July 1990 to October 2018.

Nick Parisi: President

Mr. Parisi has served as our President since October 2018, and has served as Managing Director of Silfra Capital, located in Menlo Park, California since December 2015. He has also served as Chief Investment Officer of Goble Investments LLC, located in San Jose, California since May 2014, and Chief Operating Officer of Goble Properties, located in San Jose, California since August 2008. Mr. Parisi spends most of his time in Newport Beach, California and the rest of his time primarily in our Petaluma, California offices.

Ryan Callaghan: Chief Executive Officer

Mr. Callaghan has served as our Chief Executive Officer since October 2018, and has served as Managing Director of Private Equity of Silfra Capital, located in Newport Beach, California, since December 2017. From September 2013 to December 2017, Mr. Callaghan served as the Chief Operating Officer at Shoutpoint, Inc., located in Newport Beach, California. Mr. Callaghan splits time between Newport Beach, California and our Petaluma, California offices.

Kathy Huot: VP of Finance

Ms. Huot has been our VP of Finance since November 2020. From October 2018 to November 2020, Kathy was our Chief Financial Officer. From February 2002 to October 2018, Ms. Huot served as Ps 1's Controller and, from July 1998 to October 2018, she served as Ps 1's Director of Finance.

Gary Woo: Marketing and Franchise Development Manager

Mr. Woo has served as our Marketing and Franchise Development Manager since October 2018. From May 2003 to October 2018, Mr. Woo served as Ps 1's Marketing and Franchise Development Director.

Josh Hansen: VP of Operations

Mr. Hansen has served as our VP of Operations since November 2020. From October 2018 to November 2020, Mr. Hansen served as one of our District Managers. From July 2017 to October 2018, he served as a District Manager of Ps 1. From July 2016 to July 2017, Mr.

Hansen served as a District Training Manager of Ps 1. From September 2013 to July 2016, he served as a service technician at our affiliate-owned Service Center in Rohnert Park, California.

Ken Swisher: District Manager

Mr. Swisher has served as one of our District Managers since October 2018. From January 2010 to October 2018, he served as a District Manager of Ps 1.

Harold Perez: District Manager

Mr. Perez has served as one of our District Managers since October 2018. From February 2001 to October 2018, he served as a District Manager of Ps 1.

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

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is $30,000 if this is your first, second or third OIL STOP Service Center. If this is your fourth or greater OIL STOP Service Center, we will reduce the initial franchise fee to $15,000.

If you fail to secure a site for your Service Center within 6 months after the effective date of the Franchise Agreement and we have not granted you an extension, then either we or you may terminate the Franchise Agreement. If the Franchise Agreement terminates, we will refund all but $5,000 of the franchise fee to you to defray some of our costs, expenses, and efforts in working with you. However, we will retain the entire initial franchise fee if we submitted two or more approved, potential sites to you and you chose not to move forward with those sites for your Service Center.

Except as described in this Item, the franchise fee is uniform for all franchisees (whether you are a start-up or converting an existing quick lube automotive service center) and is not refundable.

License Agreement

You must pay us a lump sum, nonrefundable $8,000 initial software license fee (plus taxes) when you sign the License Agreement. The license fee is in consideration for the right to use the SPEID software in the operation of your Service Center. The license fee for the SPEID software is not refundable under any circumstances.

Equipment Package

Prior to the opening of your Service Center, we will provide you with the specifications for an equipment package needed to construct and operate your Service Center (the "Equipment Package"). While most of the items in the Equipment Package may be purchased from a third party vendor that we approve (see additional information in Item 8), certain items in the Equipment Package must be purchased from us, our affiliate OSLLC, or another affiliate that we designate. Those purchases, which include such items as safety grates, torch wrenches, comment cards, brochures and window stickers, total approximately $9,500, depending on the size and relative needs of your Service Center.

Travel and Labor Expenses

Prior to the opening of your Service Center, one or more of our representatives will travel to your Service Center to install the "SPEID" software (further described in Items 8 and 11). We estimate that those travel and labor expenses will be approximately $3,000 to $5,000. This estimate includes an installation fee of $2,500 and travel costs, which will vary depending on location of the Service Center. Installation will take 1 to 2 days.

ITEM 6

OTHER FEES

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	Greater of 5.75% of Gross Sales[2] or $4,000 per month	5th day of each month	None
Marketing Fund Contribution	5% of Gross Sales	Same as Royalty Fee	Collected by us on behalf of the Marketing Fund. Item 11 has a detailed discussion about the Marketing Fund.
Local Advertising	A minimum of 1% of Gross Sales	Monthly	This fee is imposed by us. You pay directly to suppliers of advertising services subject to our approval (as to content).
Cooperative Advertising	Not to exceed 1% of Gross Sales	As invoiced	You may be required to contribute to a cooperative advertising program if

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			established for the area where your Service Center is located. Any amount you must contribute will be credited against the amount you must spend for local advertising.
SPEID Software Support Fee	$475 per month	Same as Royalty Fee	We may increase this fee as our costs increase.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus interest, travel expenses, room and board, and compensation of our employees	As incurred	Due only if you fail to report or understate Gross Sales by 5% or more.
Relocation Fee	$10,000	At time of relocation request	Your request to relocate your Service Center must be in writing and accompanied by the Relocation Fee.
Renewal Fee	$3,000	At the time the renewal Franchise Agreement is signed	
Interest	Lesser of 1.5% per month or the maximum interest rate allowed by law	As invoiced	Our acceptance of interest on overdue amounts is not an indication that we choose to offer financing to you.
Supplier testing and approval	Reasonable fee for inspection and testing, not to exceed $1,000	As invoiced	Covers costs of testing new supplies or equipment or inspecting new suppliers you propose.
Insurance	Amount of unpaid premiums	As invoiced	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	$10,000	When you notify us that you wish to transfer your franchise and before we approve the transfer	No transfer fee if the transfer is to an approved entity that you control or the transfer of a non-controlling ownership interest.

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional training or assistance	Not to exceed $500 per day per person, plus expenses	As invoiced	Due for training and assistance beyond what we typically provide. We may charge you for additional or special guidance, assistance, or training you need or request.
Indemnification	Varies	As incurred	You must indemnify us against claims resulting from your operation of your Service Center.
Costs and attorneys' fees	Will vary under circumstances and depends on nature of your non-compliance	As incurred	Due when you do not comply with the Franchise Agreement.

Notes:

1 Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by, and payable to, us. Except as provided above, all fees are not refundable and currently are uniformly imposed.

2 "Gross Sales" means all revenue that you receive or otherwise derive from operating the Service Center, including all amounts that you receive at or away from the Service Center, and whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Service Center, there will be added to Gross Sales an amount equal to the imputed Gross Sales that the insurer used to calculate those proceeds. However, "Gross Sales" exclude (1) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (2) sales for which cash has been refunded, if those sales were previously included in Gross Sales; and (3) any amount foregone as a result of discounts, credits and allowances to customers or to your employees, staff, agents or contract workers provided through properly exercised discounted purchases, but adding back such discounts in excess of 4% of total revenue. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which that charge or sale is made, regardless of when you receive payment (whether full, partial or at all) on that sale. Amounts paid by gift card, stored value card or similar program are included in Gross Sales when the instrument or credit is redeemed. Your Service Center may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first have approved in writing their form and content and your proposed issuing and honoring/redemption procedures, which approval we may grant or withhold as we deem appropriate.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Franchise Fee[1]	$30,000	Lump sum	Upon signing the Franchise Agreement	Us
SPEID Software Fees[2]	$9,425	Lump sum and installments	Upon signing License Agreement/ Monthly	Us
Computer Hardware[3]	$10,000 - $20,000	As arranged	As arranged	Third parties
Labor and Travel Costs[4]	$3,000 - $5,000	As arranged	As arranged	Us
Rent[5]	$3,000 - $15,000	As arranged	As arranged	Landlord
Security Deposits[6]	$0 - $15,000	As arranged	As arranged	Landlord or Third parties
Initial Inventory[7]	$30,000 - $60,000	As arranged	As arranged	Third parties
Leasehold Improvements[8]	$40,000 - $60,000	As arranged	As arranged	Landlord or Third parties
Furniture, Fixtures & Equipment[9]	$285,000 - $325,000	As arranged	As arranged	Third parties, us or our affiliate
Insurance[10]	$3,500 - $8,000	As arranged	As arranged	Insurers
Training Expenses[11]	$5,000 - $7,000	As incurred	As arranged	Providers of transportation, food and lodging
Grand Opening Advertising[12]	$5,000 - $10,000	As arranged	First 6 months of operation	Third parties
Signage[13]	$15,000 - $30,000	As arranged	As arranged	Third parties

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Office Supplies[14]	$750 - $1,000	As arranged	As arranged	Third parties
Licenses and Professional Fees[15]	$500 - $2,000	As arranged	As arranged	Third parties
Additional Funds[16] (3 Months)	$30,000 - $50,000	As arranged	As needed	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[17]	$470,175 - $647,425			

Except for security and utility deposits, which may be refundable in whole or in part, all payments are generally non-refundable. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

Notes:

1 Franchise Fee. If this is your first, second, or third OIL STOP Service Center, you will pay a franchise fee of $30,000 upon signing the Franchise Agreement. We describe our current policy for reducing franchise fees for future OIL STOP Service Centers in Item 5. Item 5 also contains more information about the franchise fee and the conditions for its refund.

2 SPEID Software Fees. You must pay us an upfront license fee of $8,000 at the time you sign the License Agreement plus a monthly support fee of $475. We estimated 3 months of support fees. The SPEID software, which will link your computer system to our computer system through the Internet, is described in greater detail in Item 11. We reserve the right to replace or supplement the SPEID Software upon 30 days' notice to you, which may result in increased costs to you (including license, installation and recurring support fees), which will be your responsibility.

3 Computer Hardware. You must purchase and use a computer system, inclusive of hardware and software, that we approve. The computer hardware includes a back office computer system, including a Service Center Manager's computer, individual computer tablets for use in the service bays, magnetic card readers, backup power supplies, printers, and related hardware, including a router, port switch, surge protectors, and cables.

4 Labor and Travel Costs. Prior to the opening of your Service Center, one or more of our representatives will travel to your Service Center to install the SPEID software. We estimate that those travel and labor expenses will be approximately $3,000 to $5,000. This estimate includes an installation fee of $2,500 and travel costs, which will vary depending on location of the Service Center. Installation will take 1 to 2 days.

5 Rent. This estimate is based on square footage requirements that range from approximately 1,500 square feet (2 bay location) to 2,500 square feet (3 bay location). Your site must have an in-ground car service basement area. The typical location is on high-traffic streets in metropolitan or suburban areas. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors, varies from market to market, and could be higher in large metropolitan areas than in suburban markets and smaller metropolitan areas. Your lease negotiations with your landlord and the size and market area of the Service Center's location ultimately will dictate when your rental payments will begin.

We expect you to rent the Service Center's location. It is possible, however, that you will choose to buy, rather than rent, real estate on which a building suitable for the Service Center already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables affecting the value of a particular piece of real estate, this estimate does not include the potential purchase price of real estate or the costs of constructing a building suitable for the Service Center.

6 Security Deposits. Security deposits are generally required by utility companies, the landlord for the Service Center's site, and equipment lessors. Amounts will vary depending on the requirements under the various leases, utility policies, and your credit rating.

7 Initial Inventory. This estimate includes costs for an initial inventory of bulk and container oil, lubricants, and filters. The amount of your investment attributable to the initial store inventory will vary depending upon the projected volume of your Service Center. Payments are due according to the suppliers' policies and requirements.

8 Leasehold Improvements. Leasehold improvement costs – which could include plumbing, electrical and contractor's fees – depend on the site's condition, location, and size (for example, number of bays); the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Service Center; and any construction or other allowances the landlord grants. Our estimates do not include any benefits you might receive from tenant improvement allowances a landlord gives you to retrofit or renovate the site. The lower end of the range assumes the landlord builds out the entire Service Center (*i.e.*, "turnkey"); the higher end of the range assumes the landlord does minimal to no work on the site. Your costs might be more or less than these estimates depending on the site's existing condition and where you plan to operate your Service Center.

9 Furniture, Fixtures & Equipment. This estimate includes the costs to purchase and install the furniture and fixtures necessary to outfit an OIL STOP Service Center (our "Equipment Package"), which includes various components, including motor oil, tire, windshield fluid, anti-freeze and gear oil fluid, chassis lube, waste oil, tire machine, battery water, lower bay, air compressor and catwalk bulk tank. This estimate is for a 3-bay OIL STOP Service Center. Certain items in the Equipment Package must be purchased from us, our OSLLC, or another affiliate that we designate. These items, which include such things as safety grates, torch wrenches, comment cards, brochures and window stickers, total approximately $9,500, and may be installed by a third party that we have approved. The remaining items from the Equipment Package may be purchased from, and installed by, a third party that we have approved.

10 Insurance. The estimated cost covers the first year's insurance premium for required coverages for business liability insurance. This amount may vary based on location, loss history, costs of build-out, and the amount of inventory you maintain at your Service Center.

11 Training Expenses. We describe training in Item 11. Although we do not impose a fee for the initial training program, this figure estimates your and your personnel's costs for travel and other expenses during training. The costs in California vary greatly based on the distance you must travel and the time of year and choices you make for hotels, restaurants, etc.

12 Grand Opening Advertising. You will need to advertise locally to help establish recognition of the OIL STOP brand in your Service Center's local trade area. We require that you spend at least $5,000 for grand opening advertising.

13 Signage. This estimate covers the cost of interior and exterior signage for a typical OIL STOP Service Center. Costs may vary depending on local materials and labor costs.

14 Office Supplies. This estimate covers an opening inventory of typical office supplies and small equipment, including telephone, facsimile machine, safe, and miscellaneous supplies.

15 Licenses and Professional Fees. This estimates the costs of an annual business license and professional advisors (like an attorney and accountant) for the initial advice related to the start-up of your Service Center. We strongly recommend that you seek professional assistance when evaluating this franchise opportunity and our franchise documents. Your professional advisors also should review the lease and other contracts you sign for your Service Center.

16 Additional Funds. This estimates the funds needed to cover your operating expenses for the first 3 months of operation (in addition to items identified separately in the table). These funds could be offset, in whole or in part, by revenue earned during that period. This is only an estimate, and you might need additional working capital during the first 3 months you operate your Service Center and for a longer time period after that. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Service Center will break even. Your costs will depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen;

local economic conditions; the prevailing wage rate; competition; and your Service Center's sales during the initial period.

17 Total. We relied on Oil Stop's experience in establishing and operating OIL STOP Service Centers in Arizona, California and New Mexico to compile the estimates in this Item. However, you should review these estimates carefully with a business advisor, particularly in light of varying market and site conditions, before deciding to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Service Center Site

You must locate a site for your Service Center that we approve, and you may not sign a lease for the site until we have given our approval in writing. We approve locations on a case-by-case basis considering factors such as size, appearance, and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics, such as purchase price, rental obligations and other lease terms. You need not purchase or lease any real estate from us, but you may lease the premises of your Service Center from CPD or another affiliate if such entity owns the site or controls a master lease for the site.

Development of Service Center

We will provide you prototypical plans and specifications for the construction and development of your Service Center, including requirements for exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs. You must develop your Service Center in accordance with these plans and specifications. You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Your construction plans must be based on the prototypical plans and specifications. You must submit construction plans and specifications to us for our approval before you begin construction of your Service Center, and you must submit any revised plans and specifications to us during the course of construction.

Equipment Package

We will provide you with an "Equipment Package," which includes the costs and specifications needed to purchase and install the furniture and fixtures necessary to outfit your Service Center. The Equipment Package includes various components, including motor oil, tire, windshield fluid, anti-freeze and gear oil fluid, chassis lube, waste oil, tire machine, battery water, lower bay, air compressor and catwalk bulk tank. Certain items specified in the Equipment Package must be purchased from us, OSLLC, or another affiliate that we designate. These items, which include such things as safety grates, torch wrenches, comment cards, brochures and window stickers, total approximately $9,500, and may be installed by a third party that we have approved. The remaining items from the Equipment Package may be purchased from, and installed by, a third party that we have approved.

Service Center Operation

In establishing and operating your Service Center, you must use only the fixtures, furnishings, equipment, tools, uniforms, office supplies, forms, oil, lubricants, fluids, filters that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. We issue and modify standards based on our, our affiliates', and our franchisees' experience in franchising and/or operating OIL STOP Service Centers. If we require, these items must be purchased only from suppliers that we designate or approve (which might include us or our affiliates) ("Approved Suppliers"). You may only display at your Service Center the signs, emblems, lettering, logos and display materials that we approve in writing. If you desire to purchase products from suppliers that are not Approved Suppliers, you must submit or have the proposed supplier submit to us a written request for approval together with evidence of conformity with our specifications. We have the sole right to determine whether the proposed supplier will be approved. We have the right to require that our representatives be permitted to inspect the supplier's facilities and that samples be delivered for testing. We will within 30 days after your request notify you of our approval or disapproval of the proposed supplier. We have the right to charge a reasonable fee for inspecting and testing not to exceed $1,500. You must not buy, sell, or use the proposed supplier's products until you receive our written approval. You must use products purchased from Approved Suppliers only to operate the Service Center and for no other purpose. Our criteria for supplier approval includes quality and price of the goods proposed, the supplier's commitment to service and supply capabilities. We have no formal procedure for approval of new suppliers. We may occasionally revoke our approval of particular products or suppliers when we determine that those products or suppliers no longer meet our standards. If we notify you that we have revoked approval of a product or supplier, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

We and Oil Stop participate in a nationwide marketing program sponsored by Chevron Corporation or its affiliates ("Chevron"). You must participate in the program and purchase only bulk oil and certain other petroleum products required under the program for use at your Service Center from Chevron, which currently pays us an amount equal to 45¢ per gallon for lubrication products purchased by franchisee-owned OIL STOP Service Centers. We reserve the right to discontinue this program or modify the program in our sole discretion.

Computer System (Hardware and Software)

You must purchase or lease a computer hardware system and use the required software which we approve and which meets the specifications set forth in the Manual (defined in Item 11). You must use the SPEID software with your computer hardware, which connects your computer to the franchise system through the Internet. We will enter into the License Agreement with you for the use of the SPEID software. We are the sole supplier for the SPEID software. The SPEID software is designed to assist you in the operation of your Service Center in areas such as inventory control, productivity reporting, accounting, and other business related activities. The SPEID software enables us to view data relating to your Service Center – it is not a payroll system and does not function as a "time clock" to track any data relating to your employees. We reserve the right to replace or supplement the SPEID Software upon 30 days' notice to you, which may result in increased costs to you (including license, installation and recurring support fees), which will be your responsibility.

Insurance

You must maintain statutory worker's compensation insurance and employer's liability insurance having a minimum limit of liability of $1,000,000 or the minimum amount required by state law. You must maintain automobile liability insurance having a minimum limit of $1,000,000 and commercial liability insurance, including bodily injury, property damage, products, personal and advertising injury on an occurrence policy form having a minimum per occurrence and general aggregate limits of at least $2,000,000 for your Service Center. We have the right to require you to increase the insurance specified above by giving you 60 days' written notice, in which case you must comply no later than the first policy renewal date after that 60-day period. You must name us as an additional insured under the required insurance policies.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Service Center that you currently must buy or lease from us (or our affiliate) or from designated or approved suppliers.

We and/or our affiliates may derive revenue or other material consideration based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments that designated, approved or recommended suppliers make to us and our affiliates. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes that we and our affiliates deem appropriate.

Collectively, the purchases and leases that you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent approximately 60% to 70% of the total cost of establishing, and approximately 20% to 30% of the total annual cost of operating, your Service Center.

During our fiscal year ended December 31, 2020, we received a total of $199,788.45 from third-party suppliers and vendors, including Chevron, filter and uniform suppliers as a result of franchisee purchases. This represents 6.11% of our total revenues of $3,267,561.13 as taken from our most recent audited financial statements. In addition, we received $40,300 from the licensing and monthly support fees in connection with the SPEID software, which represents approximately 1.23% of our total revenue of $3,267,561.13. Our affiliate, CPD, received rent from franchisees in the amount of $150,000 during its fiscal year ended December 31, 2020. During 2020, we and our other affiliates did not: (1) derive any additional revenues or other material consideration from franchisees' direct purchases or leases; or (2) receive any payments from designated and approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for the items and services described earlier in this Item that you may obtain only from designated sources. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. Other than CPD and Oil Stop, none of our officers own an interest in any of our approved suppliers.

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 other items in this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Section 5 of Franchise Agreement	Items 7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 12, 13, and 14 of Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 5 of Franchise Agreement	Items 5, 6, 7, 8 and 11
d. Initial and on-going training	Section 8 of Franchise Agreement; Section 7 of License Agreement	Items 6 and 11
e. Opening	Section 5 of Franchise Agreement	Item 11
f. Fees	Sections 3, 4, 10, 11, 13, 15, 20, and 22 of Franchise Agreement; Section 3 of License Agreement	Items 5, 6, 7 and 8
g. Compliance with standards and policies/operating manual	Sections 9 and 13 of Franchise Agreement; Section 4 of License Agreement	Item 11
h. Trademarks and proprietary information	Sections 6 and 7 of Franchise Agreement; Section 6 of License Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 13 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 13 of Franchise Agreement; Sections 7 and 8 of License Agreement	N/A
k. Territorial development and sales quotas	Section 2 of Franchise Agreement	Item 12
1. On-going product/service purchases	Section 13 of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Section 5 of Franchise Agreement	Items 6 and 17

Obligation	Section in agreement	Disclosure document item
n. Insurance	Section 14 of Franchise Agreement	Items 6, 7 and 8
o. Advertising	Section 10 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 20 of Franchise Agreement; Section 11 of License Agreement	Item 6
q. Owner's participation/ management/staffing	Sections 8 and 13 of Franchise Agreement	Item 15
r. Records and reports	Section 11 of Franchise Agreement	Items 8, 11 and 17
s. Inspections and audits	Section 11 of Franchise Agreement; Section 6 of License Agreement	Items 6, 11 and 13
t. Transfer	Section 15 of Franchise Agreement; Section 10 of License Agreement	Items 6 and 17
u. Renewal	Section 4 of Franchise Agreement; Section 2 of License Agreement	Item 17
v. Post-Termination obligations	Section 17 of Franchise Agreement; Section 8 of License Agreement	Item 17
w. Non-competition covenants	Section 18 of Franchise Agreement	Item 17
x. Dispute resolution	Section 21 of Franchise Agreement; Section 13 of License Agreement	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 Assistance

Before you begin operating your Service Center, we or another representative we authorize will:

1. Determine the exact boundaries of your Protected Territory (Franchise Agreement, Section 2.3).

2. Provide assistance to you in evaluating potential sites for the location of your Service Center along with general information regarding prospective leases in connection with the site. You generally will propose a site for our review and are solely responsible for site

selection and securing a lease for the premises. We must approve your site before you enter into a lease or begin operating your Service Center. We do not typically own the premises or enter into a lease with you, but, in certain circumstances where CPD or another affiliate of ours owns or master leases a site, you may lease the site for your Service Center from them (Franchise Agreement, Section 5.1).

3. Provide you with standard plans and specifications for the design and layout of the exterior and interior of a typical OIL STOP Service Center, including the layout for the service bays, computer system, fixtures, equipment, furnishings, décor and signs (Franchise Agreement, Section 5.3).

4. Make available to you and the manager of your Service Center (the "Service Center Manager"), if you are a business entity, our initial training program, as described in this Item (Franchise Agreement, 8.1). We do not charge for the initial training program; however, you must pay all travel and living expenses you and your Service Center Manager incur in connection with the initial training program.

5. Loan you one copy of our operations, administration and managers manuals and all books, computer programs, pamphlets, memoranda and other publications we or a third party prepares, which we may periodically add to, change, modify, withdraw or otherwise revise, setting out the standards, methods, procedures and specifications of the OIL STOP system (collectively, the "Manual"). The Manual currently contains approximately 310 total pages and its current table of contents is Exhibit D (Franchise Agreement, Section 7.1).

6. Enter into the License Agreement with you granting you the right to use the SPEID software in operating your Service Center (License Agreement, Section 1).

Ongoing Assistance

During your operation of your Service Center, we or another representative we authorize will:

1. Provide you with approximately 30 hours of on-site assistance and guidance, at our expense, in order to facilitate the opening and initial operations of your Service Center (Franchise Agreement, Section 8.2).

2. Provide you guidance and operating assistance, at your request but at our option, about methods, standards, specifications, operating and management procedures for your Service Center (Franchise Agreement, 8.5).

3. Provide you with maintenance and support services in connection with the SPEID software (License Agreement, Section 7).

4. Provide additional training programs and courses to you and your Service Center Manager, which may be optional or mandatory (Franchise Agreement, Section 8.4). We also will provide training for any replacement Service Center Manager at our then current training fee (currently $500 per day) (Franchise Agreement, Section 8.3).

5. Send a field representative to visit your Service Center periodically, as we deem necessary (Franchise Agreement, Section 8.5).

6. Provide you with our system standards regarding the business operations of the Service Center (Franchise Agreement, Section 9).

7. Provide you with a license to use our Marks (Franchise Agreement, Section 6).

8. Provide you with access to Confidential Information for use in the operation of your Service Center (Franchise Agreement, Section 7).

9. Administer and maintain a Marketing Fund for the system. We describe the Marketing Fund and other aspects of our advertising, marketing and promotional programs later in this Item (Franchise Agreement, Section 10.3).

Site Selection and Opening

You are responsible for selecting the site for the Service Center which must be within the geographic area designated in the Franchise Agreement known as the "Designated Area." Though you are solely responsible for selecting the site, we will provide site evaluation assistance at your request, and our affiliate CPD, or another affiliate, may own or master lease a site and offer to lease it to you during the term of the Franchise Agreement. Site selection assistance generally consists of an overall evaluation of the site and alternative sites. We will analyze the market area to help determine site feasibility and to assist in designating the site for the Service Center. We do not conduct site selection activities for you. Our prior approval of the site is required. The factors we consider in approving a site include demographic characteristics, traffic patterns, parking, character of neighborhood, competition from, proximity to, and nature of other businesses, other commercial characteristics, and the proposed site's size, appearance, and other physical characteristics and the general lease terms. We will approve or disapprove a proposed site within 30 days of receiving all requested information. Our approval of one or more sites means we believe the site(s) meets our criteria but it is not a representation or a promise by us that a Service Center at an approved site will achieve a certain sales volume or a certain level of profitability (Franchise Agreement, Sections 5.1 and 5.2).

If you have not found and we have not approved a site for your Service Center within 6 months after the effective date of the Franchise Agreement, we or you may terminate the Franchise Agreement. If the Franchise Agreement terminates, we will refund all but $5,000 of the initial franchise fee to you to defray some of our costs, expenses and efforts in working with you, in exchange for a general release of claims. But will we retain the entire initial franchise fee if we approved of 2 or more sites and you nevertheless chose not to move forward with those sites for your Service Center.

The typical length of time between the signing of the Franchise Agreement and the opening of an OIL STOP Service Center is approximately 6 months to 1 year. The factors that may affect this time include the ability to obtain zoning approval, build-out of the site, weather conditions and other special circumstances.

Advertising

Marketing Fund. We maintain and administer the OIL STOP marketing fund (the "Marketing Fund"). You must contribute, each month, an amount equal to 5% of Gross Sales to the Marketing Fund. You will pay these contributions to us at the same time and in the same manner as the Royalty Fee.

The Marketing Fund uses all contributions exclusively to meet any and all costs of maintaining, administering (including wages of personnel who manage the Marketing Fund), directing, conducting, and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will benefit the system of OIL STOP Service Centers, including, among other things, the costs of preparing and conducting advertising campaigns in various media, preparation of direct mail advertising, market research, employing advertising and/or public relations agencies, purchasing promotional items, conducting and administering in-store promotions, providing promotional and other marketing materials and services to the businesses operating under the system, and point-of-purchase materials. We currently advertise the OIL STOP Service Centers and the services offered by the OIL STOP Service Centers primarily using point-of-purchase advertising materials, direct mail, electronic and Internet marketing and print media, television, radio Internet, magazine and newspaper advertising campaigns, and direct mail and outdoor billboard advertising. The Marketing Fund is not a trust fund, and we do not have any fiduciary duty with regard to the Marketing Fund's administration, activities, or expenditures.

We or our designee will direct all advertising and promotional programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and media used in such programs, and their placement and allocation. Among the Marketing Fund's objectives is to maximize general public recognition and acceptance of the Marks for the benefit of the system. Otherwise, we need not ensure, in administering the Marketing Fund, that expenditures for any particular franchisee are equivalent or proportionate to the franchisee's contribution, or that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted by the Marketing Fund.

OIL STOP Service Centers that we or our affiliates own (to the extent we have the right to require these affiliates to do so), will contribute to the Marketing Fund on the same basis as all franchisees. We may reimburse ourselves for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and other costs and services provided in connection with the Marketing Fund, including reasonable direct and indirect expenses that we or our representatives incur in connection with the programs funded by the Marketing Fund but we reserve the right to prepare financial statements internally. An accounting of the operation of the Marketing Fund will be prepared annually and made available to all franchisees upon request. The annual accounting may be audited by an independent certified public accountant we select and prepared at the expense of the Marketing Fund. We may collect for remittance to the Marketing Fund any advertising or promotional monies offered by any supplier based upon franchisees' purchases from that supplier. If less than the total of all contributions to the Marketing Fund are spent during any fiscal year, the Marketing Fund may use the excess during subsequent years. In addition, the Marketing Fund may use future contributions to cover deficits in any fiscal year. During our 2020 fiscal year, the Marketing Fund spent 100% of its expenditures on media placement and 0% on production activities. There is no advertising council composed of franchisees that advises us on advertising policies though we may establish one in the future (Franchise Agreement, Section 10.3).

Local Advertising. You must advertise your Service Center at your own expense in your local trade area. You must spend 1% of your annual Gross Sales on local advertising. In addition, you must maintain an alphabetic and classified listing for the Service Center in local telephone directories, as well as Google and other online and digital directories. We may review and approve (or disapprove) all advertising and promotional materials you propose to use. You may not use any advertising or promotional materials that we have not approved or have disapproved. You may not develop, maintain, or authorize any website for the Service Center that in any way mentions or is connected to the Marks (Franchise Agreement, Sections 10.1, 10.2 and 10.5).

Cooperative Advertising Programs. There currently are no advertising cooperatives or franchisee advertising councils in our franchise system. Under the terms of the Franchise Agreement, we may form as well as change, dissolve, or merge advertising cooperatives and franchisee advertising councils (Franchise Agreement, Section 10.6).

Computer System

You must purchase and use a computer system, inclusive of hardware and software, that we approve. The computer hardware includes a back office computer system, including a Service Center Manager's computer, individual computer tablets for use in the service bays, magnetic card readers, backup power supplies, printers, and related hardware, including a router, port switch, surge protectors, and cables.

Your computer system will be linked directly to our computer system via an Internet link and the use of our proprietary SPEID software. Through your use of the SPEID software, we will provide you with vehicle-specific information, including service processes and procedures, check lists and charts, fluid capacities and recommended service intervals. We will also provide you with information specific to your Service Center, including inventory levels, financial reports, managerial and productivity reports, and customer information, including service history and general data base information. All information that you enter into your computer system resides on our server will be available to us, and we may access and use the information for any purpose whatsoever. The SPEID software is not a payroll system and does not function as a "time clock" to track any data about your employees. We will provide updates to the SPEID software as they become available. We reserve the right to replace or supplement the SPEID software upon 30 days' notice to you, which may result in increases costs to you, such as license, installation and recurring support fees. You are responsible for supplier and/or licensor charges for use, maintenance, updates and support of the required computer hardware. We may periodically require you to upgrade, supplement, or replace any or all of the components of the computer system. There are no contractual limitations on the frequency and cost of maintaining and upgrading the computer system. Except for the SPEID software, we have no contractual obligation to provide any maintenance, updates or support. We estimate the cost of the computer system to be approximately $15,000 to $25,000, including the $8,000 license fee for SPEID software.

Training

We conduct an initial training program providing in-depth training covering all aspects of operating an OIL STOP Service Center. We provide the initial training program to up to 2 of your attendees who you select and we approve. One attendee must be your Service Center

Manager or an owner who will function as your Service Center Manager. The duration of the initial training program is approximately 13 weeks and is conducted at our headquarters in Petaluma, California. We conduct on-the-job training at an affiliate-owned Service Center in Rohnert Park, California. We plan to be flexible in scheduling training. We reserve the right, in our sole discretion, to offer all or portions of the initial training via online "e-learning" modules. There currently are no fixed (i.e., monthly or bi-monthly) training schedules for these programs. You and your other attendees must attend and complete the training program to our satisfaction prior to your beginning operations of your Service Center.

The instructional materials include the Manual, training manuals, video materials, role play, discussion, sample forms and other materials. Mark Souther, our Head of Human Flourishing, currently supervises our training programs. Mr. Souther has approximately 26 years of experience in quick lube automotive service center operations, having worked for us or our affiliates during that time.

The subjects currently taught in our initial training program are as follows:

Column 1 **Subject**	**Column 2** **Hours of Classroom Training**	**Column 3** **Hours of On-the-Job Training**	**Column 4** **Location**
Introduction/Overview	2-3		Petaluma, California
Philosophy/ Mission	4-5		Petaluma, California
Service Coordinator Training	15-20	100-150	Petaluma, California
Service Writer Training	15-20	100-150	Petaluma, California
Lube Technician	15-20	100-150	Petaluma, California
Computer System	5-10		Petaluma, California
Safety Tips	2-5		Petaluma, California
Inventory & Supplies	5-10		Petaluma, California
Equipment/Landscape Maintenance	1-2		Petaluma, California
Marketing	3-4		Petaluma, California
Employee Recruiting and Hiring	3-4		Petaluma, California
Training and Discipline	5-10		Petaluma, California
Business Principles and Owner Operation Instruction	10-15		Petaluma, California
Management	15-30		Petaluma, California
Accounting	3-4		Petaluma, California
Fleet Sales	1-2		Petaluma, California
Review	As Necessary		Petaluma, California
Total Training Hours	104-164	300-450	

In addition to the initial training program, we may provide and, if we choose, require that you or your Service Center Manager attend and successfully complete ongoing or supplemental training courses, including refresher training, seminars, informational classes, and/or meetings. Attendance at these training programs will be at your sole expense. We will not charge a tuition fee for any mandatory courses but may, in our discretion, charge a reasonable fee for any optional training. Attendance at ongoing or supplemental training will not be required for more than 2 days during any calendar year.

If, after beginning operations, you hire a replacement Service Center Manager, the replacement manager must enroll in the initial training program within 60 days of his/her date of hire. You will pay our then current training fee (currently $500 per day) for the initial training program for your replacement Service Center Manager.

ITEM 12

TERRITORY

The Franchise Agreement grants you the right to operate a single OIL STOP Service Center at a location you select and we approve known as the "Approved Location." We will identify the Approved Location in the Franchise Agreement. You must operate your Service Center business solely from the Approved Location and may not relocate without our consent. Whether or not we would allow relocation depends on the circumstances at the time and what is in the franchise system's best interests. Factors include, for example, the new location's market area, car count, market demographics, proximity to competition and other OIL STOP Service Centers, proximity to major retailers, among others. We may condition our approval of your relocation request on your paying us a $10,000 relocation fee.

The Franchise Agreement will grant you an exclusive territory around the Approved Location that we call the "protected territory" (the "Protected Territory"). We will determine the size of the Protected Territory by the demographics of the area in which the Service Center is located. The Protected Territory surrounding the Service Center generally will encompass a living population of approximately 30,000 persons as determined using United States Census Bureau information. We will describe the Protected Territory and its boundaries in terms of contiguous zip codes, street boundaries, and county boundaries or on a map that is attached to your Franchise Agreement after the Approved Location is identified. We may modify or terminate the Protected Territory during the franchise term if you commit certain defaults under the Franchise Agreement. Otherwise, we may not alter your Protected Territory or territorial rights.

If you are fully complying with the Franchise Agreement, neither we nor any affiliate will establish or operate, or license a third party to establish or operate, a business using the Marks and system at any location within the Protected Territory during the franchise term. Your rights under the Franchise Agreement otherwise are non-exclusive. We reserve all rights not specifically granted to you, for ourselves and our affiliates, on any terms we deem advisable, and without granting any rights to you, including the right to:

(1) own, acquire, establish and operate, and license others to establish and operate, OIL STOP Service Centers outside the Protected Territory regardless of their proximity to the Approved Location or their impact on your Service Center;

(2) own, acquire, establish and operate, and license others to establish and operate, businesses under other marks or other systems, including businesses which provide services and/or products similar to those provided by OIL STOP Service Centers, including the Service Center, at any location within or outside the Protected Territory and regardless of the proximity to the Approved Location or the impact on your Service Center;

(3) sell or distribute through any distribution channel, including computerized and other remote-entry ordering systems (such as the Internet) capable of accepting orders placed within or outside the Protected Territory, direct mail, mail order catalogues and telemarketing, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products which bear any proprietary marks, including the Marks, whether within or outside the Protected Territory and regardless of the proximity to or the impact on your Service Center; and

(4) acquire the assets or ownership interests of one or more businesses providing services and products similar to those provided at OIL STOP Service Centers and to subsequently franchise, license or create similar arrangements with respect to these businesses once acquired, whether within or outside the Protected Territory and regardless of the proximity to the Approved Location or the impact on your Service Center.

We need not compensate you if we engage in these activities.

You do not have any options or right of first refusal or similar rights to acquire additional franchises, although you may apply for the right to operate additional Service Centers pursuant to separate Franchise Agreements.

You may not develop, maintain or authorize any website, other online presence or other electronic medium that mentions or describes the Service Center or displays any of the Marks. You are not permitted to solicit or accept orders or sell products or services at, from or to any other location, or through any other distribution channel (such as catalog sales, telemarketing, or other direct marketing), other than the Approved Location.

We do not operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell, but we may do so in the future.

ITEM 13

TRADEMARKS

You may use certain Marks in operating the Service Center. All of the trademarks noted below are registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”) and have been renewed at the proper time. Oil Stop registered or applied for registration of the principal trademarks and service marks. OSLLC became the owner of these trademarks and service marks in October 2018. Oil Stop and/or OSLLC (as applicable) have filed all required affidavits with respect to each of the Marks.

OSLLC licenses the Marks to us under a License Agreement, made effective as of October 2018 (the "License Agreement"). In the License Agreement, OSLLC authorizes us to use the Marks in connection with the offer, sale, and support of Service Centers. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement. Upon termination of the License Agreement, we must immediately discontinue the use of the Marks and assign to OSLLC all of our franchise agreements licensing the use of the Marks, and OSLLC has agreed to assume all obligations under such agreements arising from and after their assignment.

Mark	Registration Date	Registration Number
OIL STOP	October 27, 1998	2,199,514
OILSTOP DRIVE THRU OIL CHANGE	February 24, 2009	3,580,256

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material federal or state court litigation, involving the principal Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules and other standards when using the Marks. If we believe at any time that it is advisable for us and/or you to modify, discontinue using and/or replace any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs that you incur in changing the signs or replacing supplies for the Service Center), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. In addition to the Marks, you will typically receive the right to use certain trademarks, service marks, trade names, color schemes and designs from suppliers of oil and other lubricants in order to identify their products and services as being sold at your Service Center ("Supplier Marks"). Any use or display of Supplier Marks will be subject to our further approval.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark or of any person's claim of any rights in any Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Mark. You may not communicate with any person other than us and OSLLC, our respective attorneys, and your attorneys, regarding any infringement, challenge or claim. We and OSLLC may take the action that we or OSLLC deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that, in our or OSLLC's attorneys' opinion, are necessary or advisable to protect and maintain our and OSLLC's interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our and OSLLC's interests in the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent obligations are material to the franchise. We and our affiliates claim copyrights in the Manual (which contains our trade secrets and Confidential Information), signage, advertising and marketing materials, our website, and similar items used in operating OIL STOP Service Centers. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Service Center (and must stop using them at our direction).

Our Manual and other materials contain our and our affiliates' Confidential Information (some of which constitutes trade secrets under applicable law). "Confidential Information" includes things like sales techniques, merchandising and display techniques, advertising formats, accounting systems, operations systems, policies, procedures, systems, compilations of information, records, specifications, manuals, customer information and other confidential information and copyrighted materials, methods and other techniques and know-how. All customer information, including name, vehicle, service history, contact information, payment history, and relationship history without regard to how the customer information is compiled or designated, who has compiled the customer information, or the medium on which it is stored belongs to us and constitutes our Confidential Information.

You (a) may not use the Confidential Information for any purpose other than the operation of the Service Center pursuant to the Franchise Agreement, (b) must maintain absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement, (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form, and (d) adopt and implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees and the use of nondisclosure and non-competition clauses in employment agreements with employees who have access to the Confidential Information. You must not communicate, directly or indirectly, or divulge to or use for your benefit or the benefit of any other person or legal entity, any Confidential Information, except as we permit in writing. When the Franchise Agreement expires or terminates, you must never use the Confidential Information in any manner whatsoever, including in the design, development or operation of any business substantially similar to an OIL STOP Service Center.

We and Oil Stop claim proprietary rights in the SPEID software which we license to you under the terms of the License Agreement. The SPEID software must only be used by you and your employees in the operation of your Service Center. You may not translate, decompile, or create nor attempt to create, by reverse engineering or otherwise, the source code from the object code supplied to you, or adapt the SPEID software in any way or use it to create a derivative work. We will compile customer information through your use of the SPEID software. All customer information, including customer name, vehicle, service history, contact information, payment history, and relationship history belongs to us and we may use or transfer the information in any manner we deem appropriate (subject to applicable law).

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You, if you are an individual, or your Service Center Manager, if you are a business entity, must personally supervise the day-to-day operation of the Service Center. You must keep us informed of the identity of your Service Center Manager. If you select a replacement Service Center Manager, he or she must complete our training program.

Your Service Center Manager need not have an equity interest in you if you are a business entity. However, he or she must agree to maintain the confidential information to which he or she has access and may be required to sign a confidentiality and non-competition agreement in a form we approve. Either you or your Service Center Manager must work full time at your Service Center, and may not engage in any other business activity.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Service Center must offer and sell only those categories of services and products that we authorize. In addition, you must offer all services and products that we designate as required for all franchisees. We may add, delete, and/or change the services and products that we have approved as well as change or modify other aspects of the system. You will be obligated to accept, use and display any of these changes to the System. You will be obligated to make all necessary expenditures for such changes or modifications as we may reasonably require. There are no limits on our rights to do so.

You are not limited to whom you may sell your services or products but you may not sell any of the services or products offered in connection with your Service Center at any location other than the site of your Service Center. You may not deviate from our methods, standards and specifications regarding services provided or products sold and must participate in all payment, loyalty and other customer programs that we periodically specify. You must discontinue selling and offering for sale any products or services that we may, at our sole option, disapprove in writing at any time.

ITEM 17

RENEWAL, TERMINATION, 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 or other agreement	Summary
a	Length of the franchise term	Section 4.1 of Franchise Agreement; Section 2 of License Agreement	15 years.
b.	Renewal or extension of the term	Section 4.2 of Franchise Agreement	If you have complied with the provisions in the Franchise Agreement, you may acquire a renewal franchise for an additional term of 15 years.
c.	Requirements for franchisee to renew or extend	Section 4.2 of Franchise Agreement	You agree to make the capital expenditures as may be reasonably required to comply with the then current standards; you have the right to remain in possession of the Approved Location or a substitute location we have approved; you agree to sign the then current form of franchise agreement; you provide us with notice of your intention to renew at least 12 months but not more than 16 months prior to the expiration of the original term; you execute a general release we approve (if state law allows); and you must have substantially complied with the system standards during the original term of the franchise. “Renewal” means signing our then current franchise agreement for the 15-year renewal term, which could contain materially different terms than those in your Franchise Agreement, and you pay us a Renewal Fee of $3,000 when you sign the new franchise agreement.
d.	Termination by franchisee	Section 16.1 of Franchise Agreement	You may terminate the Franchise Agreement on 30 days’ written notice if you are fully complying with, and we materially fail to comply with, the Franchise Agreement, and we do not correct the failure within 30 days after notice (or, if failure cannot reasonably be corrected in 30 days, we must give you reasonable evidence of our effort to correct the failure within a reasonable time).
e.	Termination by franchisor without cause	None	We cannot terminate the Franchise Agreement without cause.
f.	Termination by franchisor with cause	Sections 16.2 of Franchise Agreement; Section 9 of License Agreement	We may terminate the Franchise Agreement and License Agreement if you commit one of several violations.
g.	“Cause” defined — curable defaults	Section 16.2 of Franchise Agreement; Section 9(a) of License Agreement	Except for certain defaults listed in (h) below, you generally have 30 days to cure all defaults that can be cured under the Franchise Agreement. You have 15 days to cure a monetary default under the License Agreement.

Provision		Section in franchise or other agreement	Summary
h.	"Cause" defined - non-curable defaults	Section 16.2 of Franchise Agreement; Section 9(c) of License Agreement	Non-curable defaults under the Franchise Agreement include failure to secure a site for the Approved Location; failure to construct, renovate and remodel the Approved Location; failure to begin operations of the Service Center or complete the initial training program to our satisfaction; material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony or other crime or offense that can adversely affect the reputation of us, you, or the Service Center; misuse of the Manual or other Confidential Information; use of unapproved equipment or supplies or offers or sells unapproved services or products; abandonment or failure to operate the Service Center for 5 or more consecutive days; unauthorized transfer; bankruptcy events; misuse or unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks; cross defaults; certain repeated defaults (even if cured); operate the Service Center in a manner that presents a health or safety hazard to its customers, employees or the public; breach of non-compete. The License Agreement terminates immediately if you cease to have the right to operate your Service Center.
i.	Franchisee's obligation on termination/non-renewal	Section 17.1 of Franchise Agreement; Section 9 of License Agreement	You must cease operation of the Service Center, if requested, cease using the Marks and system, if requested, assign any assumed names to us, pay all sums owed to us, return the Manual, Confidential Information, SPEID software and all other materials to us, at our option, assign the telephone number of the Service Center to us, de-identify the Approved Location (also see (o) and (r) below). Under the License Agreement, return the SPEID software (including any updates), cease further use of the SPEID software, allow our representatives to remove the software from your computer hardware, destroy all backup and other copies, and certify in writing that everything has been destroyed.
j.	Assignment of contract by franchisor	Sections 15.1 of Franchise Agreement	No restriction on our right to assign or transfer ownership interests without your approval.

Provision		Section in franchise or other agreement	Summary
k.	"Transfer" by franchisee - defined	Section 15.2 of Franchise Agreement; Section 10 of License Agreement	Includes any change in ownership or control of your interest in (a) the Franchise Agreement, (b) the Service Center or its assets (except for the sale of assets in the normal course of business), (c) any ownership interest in the franchisee entity, or (d) any ownership interest in any of the franchisee's owners (if such owners are entities).
1.	Franchisor approval of transfer by franchisee	Section 15.2 of Franchise Agreement; Section 10 of License Agreement	No transfers without our prior written consent.
m.	Conditions for franchisor approval of transfer	Section 15.2 of Franchise Agreement; Section 10 of License Agreement	For a transfer of a non-controlling interest, transferee must receive our approval, including meeting our standards for a franchisee and sign a personal guarantee. For a transfer of a controlling interest, transferee must meet our approval, have sufficient business experience, aptitude, and financial resources, must not be engaged in a competitive business, must satisfactorily complete the training program, execute the then current form of franchise agreement, pay a transfer fee of $10,000, and sign a general release (if state law allows). You must also pay all amounts owed to us and not have otherwise violated the Franchise Agreement. You may assign the License Agreement as part of an approved transfer of the Franchise Agreement.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 15.5 of Franchise Agreement	We may match any offer for any proposed transfer in the Service Center or its assets, or any ownership interest in you or the Franchise Agreement.
o.	Franchisor's option to purchase franchisee's business	Section 17.2 of Franchise Agreement	We may buy the Service Center's assets at fair market value after the Franchise Agreement is terminated or expires.
p.	Death or disability of franchisee	Section 15.4 of Franchise Agreement	Must transfer to a qualified assignee within 9 months.
q.	Non-competition covenants during the term of the franchise	Section 18.1 of Franchise Agreement	No involvement in a competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18.2 of Franchise Agreement	No involvement in a competing business for 2 years after the Franchise Agreement expires or terminates within 10 miles of the former Approved Location or any other OIL STOP Service Center.
s.	Modification of the agreement	Section 22.5 of Franchise Agreement; Section	No modifications without signed writing, but we may change the Manual and system standards.

Provision		Section in franchise or other agreement	Summary
		12 of License Agreement	
t.	Integration/merger clause	Section 22.5 of Franchise Agreement; Section 12 of License Agreement	Only the terms of the Franchise Agreement and License Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, Franchise Agreement and License Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 21.2 of Franchise Agreement; Section 13 of License Agreement	We and you must arbitrate all disputes within 10 miles of where we have our principal business address at the time the demand is filed (it currently is in Petaluma, California).
v.	Choice of forum	Section 21.2 of Franchise Agreement; Section 13 of License Agreement	Subject to arbitration requirements, litigation generally must be where we have our principal business address at the time the action is commenced (it currently is in Petaluma, California), subject to state law.
w.	Choice of law	Section 21.3 of Franchise Agreement; Section 13 of License Agreement	Except for Federal Arbitration Act and other federal law, California law governs (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ryan Callaghan, Chief Executive Officer, 5330 Old Redwood Highway, Suite C, Petaluma, California 94954, (707) 586-9934, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

As noted in Item 1, Ps 1 was the franchisor of OIL STOP Service Centers before the Acquisition in 2018. We have included historical information covering the period when Ps 1 was the franchisor. All year-end numbers appearing in the tables below are as of December 31 of each year. "Company-Owned" outlets are owned and operated by OSLLC.

Table No. 1

Systemwide Outlet Summary
For years 2018 to 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	11	12	+1
	2019	12	11	-1
	2020	11	10	-1
Company-Owned	2018	13	13	0
	2019	13	14	+1
	2020	14	15	+1
Total Outlets	2018	24	25	+1
	2019	25	25	0
	2020	25	25	0

Table No. 2

Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
[State]	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Table No. 3

Status of Franchised Outlets
For years 2018 to 2020

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
California	2018	7	1	0	0	0	0	8
	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	1	0	7
New Mexico	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	1	0	0
	2020	0	0	0	0	0	0	0
Oregon	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Totals	**2018**	**11**	**1**	**0**	**0**	**0**	**0**	**12**
	2019	**12**	**0**	**0**	**0**	**1**	**0**	**11**
	2020	**11**	**0**	**0**	**0**	**1**	**0**	**10**

Table No. 4

Status of Company-Owned Outlets
For years 2018 to 2020

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
California	2018	12	0	0	0	0	12
	2019	12	0	0	0	0	12
	2020	12	0	1	0	0	13
New Mexico	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
	2020	1	0	0	0	0	1
Totals	**2018**	**13**	**0**	**0**	**0**	**0**	**13**
	2019	**13**	**0**	**1**	**0**	**0**	**14**
	2020	**14**	**0**	**1**	**0**	**0**	**15**

Table No. 5

Projected Openings as of December 31, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlet In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Oregon	1	0	2
Totals	1	0	2

Exhibit E lists the names of our OIL STOP franchisees (operational and non-operational) and the addresses and telephone numbers of their OIL STOP Service Centers as of December 31, 2020.

Exhibit F identifies the OIL STOP franchisees who (i) had an outlet terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recent fiscal year, or (ii) had not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the OIL STOP franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the OIL STOP franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit C are: our audited financial statements as of December 31, 2020 and 2019 and for the two years then ended and the period from October 31, 2018 (date of capitalization) to December 31, 2018. As we were formed in August 2018, we have not been in business for 3 years or more and cannot include all of the financial statements required by the FTC Rule for our last 3 fiscal years.

ITEM 22

CONTRACTS

The following agreements and documents are exhibits:

1. Franchise Agreement (Exhibit B)

2. SPEID Software License Agreement (Exhibit D to Franchise Agreement)

3. Franchisee Disclosure Questionnaire (Exhibit G)

4. General Release (Exhibit I)

ITEM 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Commissioner of the Department of Financial Protection and Innovation:
Toll Free: (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

EXHIBIT B

FRANCHISE AGREEMENT

OILSTOP
DRIVE THRU OIL CHANGE®

FRANCHISE AGREEMENT

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C. Protected Territory and Approved Location
D. SPEID Software License Agreement
E. Personal Guaranty
F. Conversion Addendum

OIL STOP®
FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is effective as of ______________ ("**Effective Date**") by and between Auto Excellence LLC ("**Franchisor**"), a Delaware limited liability company, having its principal business address at 5330 Old Redwood Highway, Suite C, Petaluma, California 94954, and ________________, a _________________ ("**Franchisee**"), whose principal business address is ____________________.

RECITALS

A. Franchisor and its Affiliates, as the result of the expenditure of time, skill, effort, and money, has developed (and continue to develop and modify) a distinctive System for the establishment and operation of automotive service centers providing quick-change oil, lube and filter service along with related services including transmission and differential fluid and filter service, coolant recycling, and other similar services for automobiles and light duty trucks;

B. The distinguishing characteristics of the System include, among other things, operating procedures, standards, specifications, customer service requirements, operating methods, designs and decor, layout, proprietary software known as *Serving People Excellently In Detail* or "SPEID," all of which may be changed, improved, and further developed by Franchisor from time to time;

C. Franchisor identifies the System by means of certain Marks including trade names, service marks, trademarks, logos and other commercial symbols, including the mark "OILSTOP" and such other trade names, service marks, trademarks, logos and other commercial symbols as are now designated, or may hereafter be modified or designated by Franchisor in writing, for use in connection with the System;

D. Franchisee wishes to obtain a franchise to operate an OIL STOP Service Center using the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith; and

E. Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service, and the necessity of operating the Service Center pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings:

"**Affiliate**" means a person or entity that controls, is controlled by, is under common control with, another person or entity.

“**Agreement**” means this agreement entitled “Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof.

“**Approved Location**” means the location for the operation of Franchisee's Service Center selected by Franchisee and approved by Franchisor pursuant to Section 5 and as more particularly described in Section 2.1 hereof.

“**Approved Suppliers**” means the suppliers and distributors that have been approved in writing by Franchisor to offer and sell the products and services specified in the Manual or otherwise in writing by the Franchisor.

“**Business Entity**” means any partnership, limited liability company, and any association, corporation or other entity which is not an individual.

“**Competitive Business**” means any business operating, or granting franchises or licenses to others to operate, a business deriving more than twenty percent (20%) of its total revenue from oil change services; provided, however, that the term “Competitive Business” shall not apply to: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) the ownership for investment purposes of less than five percent (5%) of the stock of any publicly-traded corporation.

“**Confidential Information**” means the proprietary and confidential information, including specifications, procedures, concepts and methods and techniques of establishing and operating OIL STOP Service Centers, and other retail outlets providing quick-change oil, lube and filter services and related products and services.

“**Designated Area**” has the meaning provided in Section 2.2 below.

“**Franchise**” and variations thereof as used in this Agreement means the right granted to Franchisee by Franchisor to use the System and Marks in the operation of an OIL STOP Service Center.

“**Franchisee**” means the individual, corporation, limited liability company or partnership who or which enters into this Agreement with Franchisor. An Acknowledgement Regarding Ownership of Franchisee is attached as Exhibit A.

“**Franchise Fee**” has the meaning provided in Section 3.1 below.

“**Manual**” means all operations, administration and managers manuals and all books, computer programs, pamphlets, memoranda and other publications prepared by or on behalf of Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor from time to time setting out the standards, methods, procedures and specifications of the OILSTOP System.

“**Marketing Fund**” has the meaning provided Section 3.3 below.

“**Marketing Fund Contribution**” has the meaning provided in Section 3.3 below.

“**Marks**” mean the OILSTOP name and trademarks, service marks, logos, trade dress, and other commercial symbols.

“**Gross Sales**” means all revenue received or otherwise derived from operating the Service Center, including all amounts that Franchisee receives at or away from the Service Center, and whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions. If Franchisee receives any proceeds from any business interruption insurance applicable to loss of revenue at the Service Center, there will be added to Gross Sales an amount equal to the imputed Gross Sales that the insurer used to calculate those proceeds. “Gross Sales” exclude (1) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (2) sales for which cash has been refunded, if those sales were previously included in Gross Sales; and (3) any amount foregone as a result of discounts, credits and allowances to customers or to Franchisee’s employees, staff, agents or contract workers provided through properly exercised discounted purchases, but adding back such discounts in excess of four percent (4%) of total revenue. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which that charge or sale is made, regardless of when Franchisee receives payment (whether full, partial or at all) on that sale. Amounts paid by gift card, stored value card or similar program are included in Gross Sales when the instrument or credit is redeemed. Franchisee’s Service Center may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless Franchisor has first approved in writing their form and content and Franchisee’s proposed issuing and honoring/redemption procedures, which approval Franchisor may grant or withhold as Franchisor deems appropriate.

“**OIL STOP Service Center**” **or** “**Service Center**” means automotive service centers doing business under the System and the Mark “OILSTOP” and which are operated by Franchisor or an Affiliate or third party pursuant to a valid license or franchise agreement with Franchisor.

“**Protected Territory**” has the meaning given to such term in Section 2.3 hereof.

“**Personal Guarantors**” means those individuals who sign the Personal Guarantee contained in Exhibit E which shall include: all partners of the entity that executes this Agreement, (if the entity is a limited or general partnership); all shareholders of the entity that executes this Agreement (if the entity is a corporation); and all members of the entity that executes this Agreement (if the entity is a limited liability company).

“**Relocation Fee**” is as defined in Section 3.5 below.

“**Royalty Fee**” is as defined in Section 3.2 below.

“**System**” **or** “**OILSTOP System**” means the automotive service center system including without limitation the uniform standards, methods, procedures and specifications designated and approved by Franchisor regarding the construction, operation and management of an OIL STOP Service Center as established by the Franchisor, including without limitation building plans, fixtures and equipment, identification schemes and uniforms; services and products; techniques for provision of services; business, accounting, supply, management, operations and marketing programs, techniques and systems.

"**Service Center Manager**" means the individual who devotes his or her full-time and best efforts to the operations of the Service Center and is responsible for the day-to-day management of the Service Center. If Franchisee is a Business Entity, Franchisor may require that the Service Center Manager be an owner, officer or other individual selected by Franchisee and approved by Franchisor.

"**Supplies and Equipment**" has the meaning given to such term in Section 13.3 hereof.

"**Transfer**" has the meaning given to such term in Section 15.2 hereof.

2. GRANT OF FRANCHISE

2.1 Grant

Subject to all of the terms and conditions herein, Franchisor hereby grants to Franchisee and Franchisee hereby accepts a non-exclusive franchise to operate one OIL STOP Service Center in conformity with the System for a Term as specified in Section 4 below at the location identified on Exhibit C ("**Approved Location**"). Franchisee acknowledges that it shall only be permitted to conduct and operate its OIL STOP Service Center at the Approved Location, and except as otherwise may be agreed to in writing by the Franchisor, Franchisee shall not be entitled to operate an OIL STOP Service Center at any other location.

2.2 Undetermined Approved Location

If the Approved Location has not been determined as of the date of this Agreement, then the geographic area in which the Service Center is to be located will be described or otherwise defined in an exhibit signed by the parties and attached to this Agreement as Exhibit B ("**Designated Area**"). When the address of the Approved Location is determined the Protected Territory and the address of the Approved Location shall be inserted into this Agreement at Exhibit C.

2.3 Protected Territory

During the term of this Agreement, neither Franchisor nor any Affiliate of Franchisor shall establish or operate, or license any entity to establish or operate, a business using the Marks and System at any location within the geographic area described in Exhibit C to this Agreement ("**Protected Territory**"), provided however that if the Approved Location has not been selected on the Effective Date, the Protected Territory shall be determined by Franchisor at the time that the Approved Location is selected. The size of the Protected Territory shall be determined in Franchisor's sole discretion.

2.4 Franchisor's Retained Rights

Franchisee expressly acknowledges and agrees that, except as provided in Section 2.3 above, the Franchise is non-exclusive, and that Franchisor and its Affiliates retain the right all rights with respect to OIL STOP Service Centers, the Marks, the sale of similar or dissimilar services or products, and any other activities that Franchisor deems appropriate including, without limitation, the right to:

(1) own, acquire, establish and operate, and license others to establish and operate, OIL STOP Service Centers outside the Protected Territory regardless of their proximity to the Approved Location or their impact on Franchisee's Service Center;

(2) own, acquire, establish and operate, and license others to establish and operate, businesses under trademarks other than the Marks, including businesses which provide services and/or products similar to those provided by OIL STOP Service Center(s) including Franchisee's Service Center at any location within or outside the Protected Territory and regardless of the proximity to the Approved Location or the impact on Franchisee's Service Center;

(3) sell or distribute through any distribution channel including computerized and other remote-entry ordering systems (such as the Internet) capable of accepting orders placed within or outside the Protected Territory, direct mail, mail order catalogues and telemarketing, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products which bear any proprietary marks, including the Marks, whether within or outside the Protected Territory and regardless of the proximity to or the impact on Franchisee's Service Center; and

(4) acquire the assets or ownership interests of one or more businesses providing services and products similar to those provided at OIL STOP Service Centers and to subsequently franchise, license or create similar arrangements with respect to these businesses once acquired, whether within or outside the Protected Territory and regardless of the proximity to the Approved Location or the impact on Franchisee's Service Center.

2.5 <u>Relocation</u>

Franchisee shall not relocate its Service Center without the prior written approval of Franchisor. Franchisor retains the right to refuse to approve any proposed relocation for any reasonable business reason or if Franchisee is in default of this Agreement or if Franchisee or any of its Affiliates are in default of any agreement with Franchisor or any of its Affiliates. In addition, Franchisor has the absolute right to refuse to approve any relocation of the Service Center outside Franchisee's Protected Territory. Upon relocation of the Service Center, the new, approved location shall be deemed to be the Approved Location, and shall be subject to all the terms and conditions of this Agreement. If the Service Center is not relocated to the approved location within 180 days after Franchisee receives Franchisor's written approval, then Franchisor's approval shall be deemed to have been withdrawn automatically, without notice to Franchisee.

3. <u>FEES</u>

In addition to any other fees specified in this Agreement, Franchisee agrees to pay Franchisor the following fees and amounts at the times specified herein:

3.1 Initial Franchise Fee

Upon execution of this Agreement, Franchisee shall pay Franchisor an initial franchise fee ("**Franchise Fee**") of Thirty Thousand Dollars ($30,000) in immediately available funds. Despite the preceding sentence, if on the Effective Date Franchisee is already operating three (3) or more Service Centers and is in full compliance with the terms of the applicable franchise agreements for each Service Center, then the Franchise Fee shall be reduced to Fifteen Thousand Dollars ($15,000). The Franchise Fee shall be deemed fully earned at the time paid and is non-refundable, except as otherwise provided in Section 5.1 of this Agreement. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor including, but not limited to, sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Royalty Fee

Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee equal to the greater of five and three-quarter percent (5.75%) of Gross Sales or Four Thousand Dollars ($4,000) (the "**Royalty Fee**"). The Royalty Fee is due and payable on or before the fifth (5th) day of each month during the Term based on Gross Sales of the preceding month.

3.3 Marketing Fund Obligations

Franchisor has established and administers the OILSTOP Marketing Fund ("**Marketing Fund**") for the purpose of promoting the Marks and the System. Franchisee agrees to contribute to the Marketing Fund five percent (5%) of its Gross Sales ("**Marketing Fund Contribution**") at the same time and in the same manner as the Royalty Fee.

3.4 SPEID Software License Agreement and Support Fees

Franchisee agrees to pay Franchisor a one-time license fee of Eight Thousand Dollars ($8,000) ("**License Fee**") upon signing the software license agreement (the "**SPEID License Agreement**") for the use of proprietary software known as "Serving People Excellently in the Details" (the "**SPEID Software**"). Franchisee must also pay an ongoing support fee of Four Hundred Seventy-Five Dollars ($475) per month ("**Support Fee**") for ongoing support for use of the SPEID Software as described in Section 12. Franchisor may reasonably increase the Support Fee on thirty (30) days' notice to Franchisee to account for increased administrative costs. A representative copy of the SPEID License Agreement is included on Exhibit D attached to this Agreement. Franchisee must execute the SPEID License Agreement concurrently with the execution of this Agreement. Franchisee acknowledges and agrees that SPEID Software connects Franchisee's computer system to the OILSTOP System and enables Franchisor to view data of the Franchised Business; it is not a payroll system and does not function as a "time clock" to track any data regarding Franchisee's employees. Notwithstanding anything contained in this Section 3.4, Franchisor reserves the right to replace or supplement the SPEID Software upon 30 days' notice to Franchisee, which may result in increased costs to Franchisee (including license, installation and recurring support fees), which Franchisee agrees will be Franchisee's sole responsibility, without contribution or reimbursement by Franchisor.

3.5 Relocation Fee

Any request by Franchisee to relocate its Service Center shall be in writing and shall be accompanied by payment to Franchisor of a non-refundable fee in the amount of Ten Thousand Dollars ($10,000) (“**Relocation Fee**”).

3.6 Renewal Fee

Upon Franchisee giving notice to Franchisor of its intention to renew its franchise to operate its OIL STOP Service Center, Franchisee shall pay a “**Renewal Fee**” in the amount of Three Thousand Dollars ($3,000.00), which Renewal Fee shall be deemed as fully earned by the Franchisor upon receipt.

3.7 Transfer Fee

Franchisee or the transferee shall pay Franchisor a “**Transfer Fee**” equal to Ten Thousand Dollars ($10,000) at the time Franchisee requests approval of a transfer as described in Section 15.2.

3.8 Taxes

To the extent a state or local taxing authority imposes any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment; provided however, that in no circumstances shall Franchisee have any obligation hereunder for any tax assessed which is based upon the net income of Franchisor.

3.9 Interest

Franchisee agrees to pay all bills, fees, charges, and other obligations to Franchisor in strict accordance with the applicable payment and credit terms. Any amount not so paid when due, as well as any amount due from Franchisee under any section of this Agreement, shall bear interest from the due date at the rate of one and one-half percent (1.5%) per month, or the maximum allowed by law, whichever rate shall be lesser. The payment of such interest or other amounts due will not be deemed to constitute a waiver of any other rights available to Franchisor.

3.10 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fee(s), Marketing Fund Contribution(s), purchases from Franchisor, interest or any other indebtedness. Franchisee may not withhold payment of any amounts owed to Franchisor or its Affiliates due to Franchisor's alleged nonperformance of any obligations under this Agreement.

4. TERM AND RENEWAL

4.1 Term

Unless terminated in accordance with the terms and conditions of this Agreement, the term of this Agreement will be for fifteen (15) years from the Effective Date ("**Term**"). This Agreement will not be deemed in effect until it has been signed by both the Franchisee and Franchisor.

4.2 Renewal

If Franchisee has complied with all of the terms and conditions of this Agreement and any other agreement between the parties, is current in all sums due to Franchisor and its Affiliates, and has substantially complied with the System standards throughout the Term, then Franchisee will have the right to acquire a successor franchise for an additional fifteen (15) year period, provided that:

(1) Franchisee agrees to make such capital expenditures as may be reasonably required to renovate and modernize the building, premises, signs, computer systems, and fixtures and equipment to conform to Franchisor's then-current standards for an OIL STOP Service Center;

(2) Franchisee has the right to remain in possession of the Approved Location, or such other premises acceptable to Franchisor, for the period of the renewal term. If Franchisee elects or is required to relocate, then Franchisee shall pay the then-current Relocation Fee;

(3) Franchisee shall sign Franchisor's then-current form of franchise agreement, the terms and conditions of which may be materially different from this Agreement including, among other things, a higher Royalty Fee, Marketing Fund Contribution and other expenditures;

(4) Franchisee shall provide Franchisor with written notice of its intention to renew at least twelve (12) but not more than sixteen (16) months before the expiration of the Term;

(5) Franchisee shall have paid the Renewal Fee; and

(6) Franchisee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims demands, actions and causes of action that Franchisee may have of have had against Franchisor, its Affiliates or any of their respective officers, directors, shareholders, employees, agents or legal counsel, in their corporate and individual capacities, arising in connection with the execution or performance of this Agreement or any other agreement between the parties.

5. SELECTION AND DEVELOPMENT OF APPROVED LOCATION

5.1 Site Selection

If Franchisee has not yet located a site for the Approved Location as of the Effective Date, then, within six (6) months after the Effective Date, Franchisee agrees to purchase, or sign a lease for, a suitable site for the Service Center within the Designated Area. Franchisee agrees to obtain Franchisor's written approval of the proposed site before signing any purchase agreement, lease, sublease, or other document in connection with the site. Franchisor will use reasonable efforts to help analyze the market area, to help determine site feasibility, and to assist in designating the location, although Franchisor will not conduct site selection activities for Franchisee. Franchisor will not unreasonably withhold its approval of a site that meets the criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. Franchisee agrees to send Franchisor a description of the proposed site, including a summary of the items listed above, along with a letter of intent or other evidence confirming Franchisor's favorable prospects for obtaining the proposed site. Franchisor will approve or disapprove the proposed site within thirty (30) days after receiving Franchisee's written proposal and all requested information. After Franchisee finds and secures the site, Franchisor will insert its address (which will be the Approved Location), as well as the Protected Territory, into Exhibit C, and both parties will sign the exhibit. Franchisee may operate its Service Center only at the Approved Location.

If no acceptable site is found and approved within six (6) months after the Effective Date, then, upon written notice from either Franchisee or Franchisor, this Agreement will be terminated. In that event, Franchisor will return all but Five Thousand Dollars ($5,000) of the Franchise Fee if Franchisee signs Franchisor's required form of release of claims. However, if during the initial six (6) month period after the Effective Date Franchisor has approved of two (2) or more proposed sites for the Service Center within the Designated Area, but Franchisee did not move forward with any of them within the six (6) month period, then upon termination of this Agreement Franchisor shall be entitled to retain all of the Franchise Fee.

Franchisee acknowledges and agrees that, if Franchisor recommends or provides information regarding a site for the Approved Location, it is not a representation or warranty of any kind, express or implied as to the site's suitability for the Service Center or any other purpose. Franchisor's recommendation indicates only that Franchisor believes that the site meets its then acceptable criteria. Franchisee acknowledges and agrees that its acceptance of the site is based on its own independent investigation of the site's suitability for the Service Center.

5.2 Lease of Approved Location

If Franchisee leases the site for the Approved Location, the lease must be approved by Franchisor prior to Franchisee's execution of the lease. Franchisor may condition its approval of a proposed site on Franchisee's execution of a lease that permits Franchisor to assume the lease upon termination or expiration of this Agreement or that contains other terms required by Franchisor. Franchisee acknowledges that Franchisor's approval of the lease is not a guarantee or warranty, express or implied, of the success or profitability of the Service Center operated at the Approved Location. Franchisor's approval indicates only that it believes that the Approved Location and the lease's terms meet Franchisor's then acceptable criteria.

5.3 Development of Approved Location

After Franchisee has selected and obtained Franchisor's approval of the site for the Service Center, Franchisee agrees to develop the site in accordance with the following procedures.

Franchisor will provide to Franchisee copies of Franchisor's standard plans and specifications for the design and layout of the exterior and interior of a typical OIL STOP Service Center including the layout for the service bays, computer system, fixtures, equipment, furnishings, decor and signs. Franchisee assumes all cost, liability and expense for the construction, renovation or remodeling at the Approved Location. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations for persons with disabilities. It is Franchisee's responsibility to prepare a site survey and all required construction plans and specifications to suit the Approved Location and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. It shall be Franchisee's responsibility to submit the final plans and layout to the Franchisor for written approval. Franchisee agrees that it is responsible for the accuracy of all drawings, plans and specifications used for the construction, renovation or remodeling of the Approved Location; and Franchisee may not begin site preparation or construction prior to receiving written notification from Franchisor that it has approved the plans. All construction, renovation or remodeling must be in accordance with the plans approved by Franchisor and must comply in all respects with applicable laws. The Service Center may not open if construction, renovation or remodeling has not been performed in substantial compliance with plans approved by Franchisor. If at any time Franchisor determines (prior to opening date) that Franchisee has not constructed, renovated or remodeled the Service Center in accordance with the plans and specifications approved by Franchisor, Franchisor shall, in addition to any other remedies, have the right to obtain an injunction from a court of competent authority prohibiting Franchisee from opening the Service Center.

5.4 Pre-conditions to Opening

Franchisee must open the Service Center for business within eight (8) months of the Effective Date of this Agreement, or Franchisor may terminate this Agreement. However, Franchisee may open the Service Center for business only upon fulfillment of the following conditions:

(1) Franchisee has successfully completed Franchisor's initial training program;

(2) Franchisee has secured a location approved by Franchisor;

(3) Franchisee has secured insurance as specified by this Agreement and delivered appropriate certificates to Franchisor;

(4) Franchisee has fully paid the Franchise Fee, and is not in default of any payment arrangements with Franchisor or its Affiliates;

(5) Franchisee has equipped, inventoried, improved, decorated, staffed and established the Service Center in accordance with Franchisor's standards and specifications; and

(6) Franchisee has obtained all licenses, permits and registrations required by all governmental entities.

5.5 Remodeling, Repairs and Maintenance

At Franchisor's request, but not more often than once every five years, unless sooner required by the lease for the Approved Location, Franchisee shall refurbish the Service Center to conform to the then-current building design, trade dress, and color schemes for a new OIL STOP Service Center. Such refurbishment may require expenditures by Franchisee on, among other things, installing new equipment, remodeling, redecoration and modifications to existing improvements. Franchisee agrees to maintain its Service Center consistent with its own high standards as well as with Franchisor's standards as set forth in the Manual. Franchisee will, at its expense, repair, maintain, paint and keep the Service Center and Approved Location in an attractive, clean and sanitary condition and make repairs or replacements required because of wear and tear.

6. MARKS

6.1 Ownership

Franchisee's right to use the Marks is derived only from this Agreement and limited to its operating the Service Center according to this Agreement and all System standards prescribed by Franchisor during its Term. The unauthorized use of the Marks by Franchisee is a breach of this Agreement and infringes Franchisor's or Franchisor’s affiliate’s rights in the Marks. Franchisee acknowledges and agrees that its use of the Marks and any goodwill established by that use are exclusively for Franchisor's and Franchisor’s affiliate’s benefit and that this Agreement does not confer-any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Service Center under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trademarks and service marks that Franchisee is authorized to use. Franchisee may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or Franchisor's and Franchisor’s affiliate’s ownership of the Marks.

6.2 Limitations on Use

Franchisee agrees that it will use the Marks as the Service Center's sole identification, subject to the notices of independent ownership that Franchisor periodically designates. Franchisee may not use any of the Marks: (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos Franchisor has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address, metatag or otherwise in connection with any website or other electronic medium without Franchisor’s consent, or (5) in any other manner that Franchisor has not expressly authorized in writing. Neither Franchisee nor its Owners may use any of the Marks in advertising the transfer, sale or other disposition of the

Service Center or any direct or indirect ownership interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee may not manufacture, use, sell, or distribute, or contract with any party other than Franchisor's or Franchisor's affiliate's authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks or otherwise incorporating any of Franchisor's intellectual property rights. Franchisee agrees to display the Marks prominently as prescribed by Franchisor at the Service Center and on forms, advertising, supplies, employee uniforms and other designated materials. Franchisee agrees to give the notices of trademark and service mark registrations that Franchisor periodically specifies and to obtain any fictitious or assumed name registrations required under applicable law.

6.3 Notification of Infringements and Claims

Franchisee agrees to notify Franchisor immediately of any actual or apparent infringement of or challenge to the use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than Franchisor, Franchisor's affiliate and its attorneys, and Franchisee's attorneys, regarding any infringement, challenge, or claim. Franchisor and Franchisor's affiliate may take any action as may be deemed appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of Franchisor's and Franchisor's affiliate's attorneys, are necessary or advisable to protect and maintain Franchisor's and Franchisor's affiliate's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's and Franchisor's affiliate's interests in the Marks. Franchisor agrees to reimburse Franchisee for its costs of taking any action required by Franchisor or Franchisor's affiliate. At Franchisor's option, Franchisor or Franchisor's affiliate may defend and control the defense of any litigation or proceeding relating to any of the Marks.

6.4 Discontinuance of Use

If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of the Marks and/or use one or more additional or substitute trademarks or service marks, then Franchisee agrees to be solely responsible for its expenses in substituting new trademarks, trade names, service marks, logos, designs and commercial symbols as designated by the Franchisor. In addition, Franchisor shall not be obligated to reimburse Franchisee for any loss of goodwill associated with any modified or discontinued Mark or for any expenditure made by Franchisee to promote a modified or substitute trademark or service mark. Franchisor's rights in this Section apply to any and all of the Marks (and any portion of any Mark) that this Agreement authorizes Franchisee to use.

6.5 Indemnification

Franchisor agrees to reimburse Franchisee for all damages and reasonable expenses that Franchisee incurs in any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has timely notified Franchisor of, and has complied with Franchisor's directions in responding to, the proceeding. At Franchisor's option, Franchisor may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

7. THE MANUAL AND OTHER CONFIDENTIAL INFORMATION

7.1 Compliance with the Manual

Within a reasonable time after the Effective Date, Franchisor will provide to Franchisee, either in hard copy or electronic format, one copy of the Manual. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules as part of the OILSTOP System that Franchisor periodically prescribes for operating an OIL STOP Service Center and information on Franchisee's other obligations under this Agreement. Franchisee agrees that the Manual's content is confidential and that Franchisee will not disclose the Manual to any person other than Service Center employees who need to know its contents. The Manual at all times will remain Franchisor's property. Franchisee must keep the Manual in a secure place at the Approved Location, and must return it to Franchisor immediately upon request or upon termination, expiration or transfer of this Agreement. Franchisor may periodically revise the contents of the Manual, or any aspect of the System contained in the Manual, as it deems appropriate in its sole discretion. Franchisee shall promptly conform to the modified System at Franchisee's expense. Franchisee shall keep the Manual current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at its corporate offices will control.

7.2 Confidential Information

In addition to the System other information contained in the Manuals, Franchisor possesses (and will continue to develop and acquire) certain trade secrets (including, without limitation, sales techniques, merchandising and display techniques, advertising formats, accounting systems, operations systems, policies, procedures, systems, compilations of information, records, specifications, manuals, customer information and other confidential information) and copyrighted materials, methods and other techniques and know-how which Franchisor will provide to Franchisee in confidence (“**Confidential Information**”) during the initial training program and in providing guidance and assistance pursuant to this Agreement. All customer information including name, vehicle, service history, contact information, payment history, and relationship history without regard to how the customer information is compiled or designated, who has compiled the customer information, or the medium on which it is stored belongs to Franchisor and it may use or transfer the information in its sole judgment, subject to applicable law. During the term of this Agreement and following the expiration or termination of this Agreement, Franchisee covenants not to communicate, directly or indirectly, or to divulge to or use for its benefit or the benefit of any other person or legal entity, any Confidential Information, except as Franchisor permits in writing. Upon the expiration, termination or nonrenewal of this Agreement, Franchisee agrees that it will never use the Confidential Information in any manner whatsoever, including, without limitation, in the design, development or operation of any business substantially similar to an OIL STOP Service Center. Notwithstanding the foregoing, the obligations in this Section will not apply to information (a) which at the time of disclosure is readily available to the trade or public, (b) which after disclosure becomes readily available to the trade or public other than through breach of this

Agreement, (c) which is subsequently lawfully and in good faith obtained by Franchisee from an independent third party without breach of this Agreement, (d) which was in possession of such party prior to the date of disclosure, or (e) which is disclosed to others in accordance with the terms of a prior written authorization between the parties to this Agreement. The protections granted hereunder shall be in addition to and not in lieu of all other protections for such Confidential Information as may otherwise be afforded in law or in equity. Franchisee expressly agrees that it will (a) not use the Confidential Information for any purpose other than the operation of the Service Center pursuant to this Agreement; (b) maintain absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) adopt and implement all reasonable procedures Franchisor prescribes from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure to Franchisee's employees and the use of nondisclosure and non-competition clauses in employment agreements with employees who have access to the Confidential Information.

8. <u>TRAINING AND ASSISTANCE</u>

8.1 <u>Initial Training</u>

Franchisor will provide an initial training program for Franchisee (or if Franchisee is a Business Entity, its Service Center Manager) in Petaluma, California, or at another approved training site designated by Franchisor. Franchisor reserves the right, in its sole discretion, to offer all or portions of the initial training via online “e-learning” modules. Franchisee and its Service Center Manager must attend and successfully complete the initial training program prior-to the beginning of operations of the Service Center. Franchisee will be responsible for all travel and living expenses, as well as all other expenses, in connection with attendance and completion of the initial training program.

8.2 <u>Opening Assistance</u>

In conjunction with, and prior to, the beginning of operation of the Service Center, Franchisor shall make available to Franchisee, at Franchisor's expense, for approximately thirty (30) hours, one (1) of Franchisor's representatives for the purpose of providing general assistance and guidance in opening and operating the Service Center.

8.3 <u>Substitute Service Center Manager</u>

If, after beginning operations, Franchisee hires a substitute Service Center Manager, the substitute Service Center Manager must enroll in the initial training program within sixty (60) days of hire. The substitute Service Center Manager may attend the initial training program without charge, provided that Franchisor may require Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive. Franchisee will be responsible for all expenses for its substitute Service Center Manager’s training.

8.4 Ongoing Training

From time to time Franchisor may require Franchisee and/or its Service Center Manager to attend additional training courses. Amongst other topics, such training may relate to new techniques, marketing, accounting and general operating procedures. Attendance at such training will not be required for more than two (2) days during any calendar year.

8.5 Ongoing Assistance

Franchisor shall provide Franchisee with periodic Service Center visits, as Franchisor deems appropriate. In addition, a representative of Franchisor will generally be available on an ongoing basis for consultation and guidance regarding compliance with System standards.

9. SYSTEM STANDARDS

9.1 Compliance With The System and Its Standards

Franchisee acknowledges and agrees that operating and maintaining the Service Center according to the System is essential to preserve the goodwill of the Marks and to all OIL STOP Service Centers. Therefore, Franchisee agrees at all times to operate and maintain its Service Center according to the System including all standards, operating procedures and rules, as may be periodically modified, revised or supplemented. Although Franchisor retains the right to establish and periodically modify the System, Franchisee shall be exclusively responsible for day-to-day management and operation of the Service Center and implementing and maintaining the System at the Service Center. Franchisee acknowledges and agrees that compliance with the System shall at a minimum include the following:

(1) design, layout, decor, appearance, and lighting of the Service Center;

(2) periodic maintenance, cleaning, and sanitation; periodic remodeling and painting; replacing obsolete or worn-out leasehold improvements and equipment; and using interior and exterior signs, emblems, lettering, and logos;

(3) methods and procedures for providing oil change, lubrication and other services;

(4) types, models, and brands of automotive oils and lubricants, required equipment;

(5) requirements for the uniforms worn by, and the general appearance of, Franchisee and its employees;

(6) sales, marketing, advertising, and promotional programs and materials and media used in these programs;

(7) use and display of the Marks at the Service Center and on forms, pamphlets, and other supplies;

(8) designated or approved suppliers, which may include Franchisor and/or its Affiliates;

(9) acceptance of credit, debit, charge or courtesy cards; and

(10) complying, without limitation, with all applicable environmental laws and regulations relating to the handling and disposal of oil and lubricants related to the operation of the Service Center.

9.2 Modification of The System

Franchisee acknowledges that from time to time, Franchisor may introduce as part of the System, new services and products, methods or technology which require certain modifications including, without limitation, the adoption and use of new computer hardware and software, fixtures, furnishings, suppliers, equipment and/or signage. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor. The foregoing notwithstanding, with exception of changes of suppliers to the System, Franchisee shall not be required to incur material additional expense during the first (1st) year of the Term in order to comply with a material modification to the System during such time but shall nevertheless comply promptly with all material modifications upon commencement of the second (2nd) year of the Term. The same exemption from compliance with material modifications shall be available to Franchisee during the final year of the Term if Franchisee has provided Franchisor with irrevocable written notice of nonrenewal of the Term.

9.3 Variance

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of any particular circumstances, density of population, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the operation of any particular OIL STOP Service Center. Franchisee agrees that it shall have no claim against Franchisor on account of any variation from the System granted to any franchisee and shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation hereunder.

10. MARKETING AND PROMOTIONAL ACTIVITIES

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the System and Marks, all of which inures to Franchisor's benefit, Franchisee agrees as follows:

10.1 Local Advertising

Each month, Franchisee agrees to spend not less than one percent (1%) of its previous month's Gross Sales on Local Advertising including newspaper, billboards, direct mail, flyers and related items. Such expenditures shall be made directly by Franchisee. Within thirty (30) days of the end of each month, Franchisee shall furnish to Franchisor an accounting of the expenditures for the preceding month. Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials which Franchisee proposes to use for Local

Advertising. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. In the event written approval is not received by Franchisee within twenty (20) days of receipt, Franchisor shall be deemed to have not given the required approval.

10.2 Telephone Directory Advertising

Franchisee must list and advertise the telephone number for the Service Center in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in Franchisee's Protected Territory. The listing shall be under the heading "Oil Change" or such directory heading as specified by Franchisor. Franchisee may be required to place the classified directory advertisement and listings together with other OIL STOP Service Centers operating within the distribution area of the directory. If a joint listing is obtained, the cost of the advertisements and listings will be apportioned among OIL STOP Service Centers which are placed together. The telephone directory advertising required under this Section shall be in addition to the Local Advertising requirement set forth in Section 10.1 above.

10.3 OILSTOP Marketing Fund

Franchisor has established an Marketing Fund to which Franchisee is required to make a contribution of up to five percent (5%) of its Gross Sales (the "**Marketing Fund Contribution**"). Franchisor will provide Franchisee with at least thirty (30) days written notice prior to changing the amount of the Marketing Fund Contribution. The Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

(1) All contributions to the Marketing Fund, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will benefit the entire system of Franchisor and Franchisee-owned OIL STOP Service Centers, including, among other things, the costs of preparing and conducting advertising campaigns in various media; preparation of direct mail advertising; market research; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions; providing promotional and other marketing materials and services to the businesses operating under the System; point-of-purchase materials. The Fund is not a trust fund, and Franchisor shall not have any fiduciary duty to Franchisee with regard to the Marketing Fund's administration, activities, or expenditures.

(2) Franchisor or its designee shall direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that among the Fund's objectives is to maximize general public recognition and acceptance of the Marks for the overall benefit of the all Service Centers operating under the OILSTOP System; provided however, Franchisor shall endeavor to expend on an annual basis approximately eighty-five percent (85%) of Franchisee's contributions to the Marketing Fund on advertising, marketing, public relations, and/or promotional programs and materials, and any other activities including, but not limited to, development costs, consulting, layout, production, copyrighting, etc. for local,

regional or national advertising programs within an advertising coverage area ("**ACA**") which includes all or any part of the Protected Territory. The term ACA shall be defined as the area covered by a particular advertising medium (television, radio, newspaper or other medium) as recognized by the industry. Otherwise, Franchisor is not obligated, in administering the Marketing Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Marketing Fund.

(3) Franchisee's Marketing Contributions will be made weekly, together with, at the same time and in the same manner as the Royalty Fee payments are made. The Marketing Fund Contributions will be subject to the same late charges as the Royalty Fee payments.

(4) Each OIL STOP Service Center owned by Franchisor, or any Affiliate of Franchisor, shall make contributions to the Marketing Fund equivalent to the contributions required of franchisees.

(5) Franchisor may reimburse itself for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and other reasonable direct and indirect expenses that Franchisor or its representatives incur in connection with the programs funded by the Marketing Fund.

(6) An accounting of the operation of the Marketing Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Marketing Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Marketing Fund.

10.4 Grand Opening Advertising

Franchisor recommends that Franchisee spend no less than Five Thousand Dollars ($5,000) during the first three (3) months of operation of the Service Center on local advertising and promotion to coincide with the Service Center's initial grand opening ("**Grand Opening Advertising**"). All materials used on Grand Opening Advertising shall be subject to Franchisor's approval prior to its use. The Grand Opening Advertising shall be in addition to the Marketing Fund Contribution as required in Section 10.3 above; however, Franchisee shall receive a credit towards its Local Advertising requirement under Section 10.1 above.

10.5 Internet Advertising

Franchisor has established and maintains a website on the Internet at the uniform resource locator "http://www.oilstopinc.com" ("**Website**") that provides information about the OILSTOP System and the products and services that Franchisor and its franchisees provide. Franchisee shall not directly or indirectly establish or maintain a website related to the Service Center, unless the content of the website, including the content of any revisions made from time to time, has been approved by Franchisor, in accordance with the procedures established by Franchisor. Franchisor may (but is not required to) include at the Website an interior page containing information about Franchisee's Service Center and other OIL STOP Service Centers. If Franchisor includes such information on the Website, then Franchisor may require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides for inclusion on the Website. All such information shall be subject to Franchisor's approval prior to posting. Under no circumstances may Franchisee establish a domain name that incorporates any of the Marks or any words confusingly similar to the Marks. Franchisee acknowledges that this Agreement does not grant Franchisee any right to engage in internet sales or any form of e-commerce.

10.6 Cooperative Advertising Programs

Franchisor reserves the right to designate an ACA, either local or regional or both, in which two (2) or more OIL STOP Service Centers are located in order to establish a cooperative advertising program ("**Cooperative Program**") for that ACA. All franchise owners in the ACA will be required to participate. Each Cooperative Program will be organized and governed in a form and manner, and begin operating on a date, that Franchisor determines. Each Cooperative Program shall operate in accordance with by-laws or other written governing documents which Franchisor may establish and amend at any time upon written notice to the Cooperative Program's members. Franchisor shall have the right (but not the obligation) to manage and administer the Cooperative Program, and to charge reasonable fees to the Cooperative Program-for such management and administration. Franchisor reserves the right to form, merge, change or dissolve Cooperative Programs at any time.

If a Cooperative Program is established for Franchisee's ACA, Franchisee will be required to contribute a percentage of its Service Center's Gross Sales to the Cooperative Program. The percentage contribution shall be determined in accordance with the Cooperative Program's governing documents; provided, however, that Franchisee will not be required to contribute more than one percent (1%) of its Gross Sales to the Cooperative Program and shall be credited to Franchisees requirement for Local Advertising under Section 10.1.

11. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

11.1 Records and Inspection

Franchisee shall prepare, during the term of this Agreement, and shall preserve for at least two (2) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts, and business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee. If an inspection or audit reveals that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum calculated monthly, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of five percent or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have as a result of such underreporting.

11.2 Monthly Sales Reports

By the close of business on the fifth (5th) day of each month, Franchisee shall, at its expense, provide Franchisor, on forms prescribed by Franchisor, with a monthly statement of Gross Sales, and such other information regarding the operation of the Service Center as Franchisor may reasonably request, including information concerning Local Advertising activities required by Section 10.1. Each statement shall be signed by Franchisee attesting that it is true and correct

11.3 Financial Statements

Franchisee shall, at its expense, provide to Franchisor, in a format specified by Franchisor, a complete annual financial statement (prepared in accordance with generally accepted accounting principles), on a review basis, prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year of the Service Center. In addition, no later than the twentieth (20th) day of each month during the term of this Agreement, Franchisee shall submit to Franchisor, a monthly and fiscal year-to-date income statement and a monthly balance sheet for the Service Center.

11.4 Other Information

Franchisee shall also provide to Franchisor such other information as Franchisor may reasonably require, on the forms and in the manner as are reasonably designated by Franchisor, including but not limited to any financial or other information required by Franchisor's accountants in connection with the preparation of Franchisor's audited financial statements.

12. COMPUTER SYSTEM

12.1 Specifications and Components

To ensure the efficient management and operation of the Service Center, and the reporting of data and information to Franchisor, Franchisee shall, at its own expense, install, and during the Term shall properly maintain in good working order, a computer system that Franchisor specifies from time to time consisting of one or more laptop and desktop computers, a modem, software, cables, a dedicated telephone line (or alternative communications line designated by, or permitted by Franchisor), and other accessories and peripheral equipment, all of which must be approved by Franchisor ("**Computer System**"). Franchisor may modify specifications for and components of the Computer System from time to time. Franchisor's modification of specifications for the Computer System and/or other technological developments or events might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, and these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the modifications of specifications comprising the Computer System and/or other technological developments or any new or modified computer-hardware and/or software and required service or support. Franchisor shall have no obligation to reimburse Franchisee for any of these costs. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the components of the Computer System that Franchisor designates and to ensure that the Computer System, as modified, is functioning properly. Unless Franchisor in writing permits otherwise, the equipment making-up the Computer System shall be purchased only from a source designated by Franchisor. Franchisee shall at all times use the Computer System to accurately, consistently, and completely record and structure all data and information that Franchisor prescribes in the Manual or otherwise. Franchisee agrees that all Computer System data and information provided to Franchisor, whether electronically retrieved or otherwise received, will become Franchisor's property and may be used by Franchisor in any manner Franchisor considers appropriate.

As part of the Computer System, Franchisor requires Franchisee to enter into the SPEID License Agreement, the current form of which is attached to this Agreement as Exhibit D.

12.2 Privacy Laws

Franchisee must use the required forms, disclosures and privacy statements and adhere to the policies and practices of Franchisor regarding collection, disclosure, use, retention and safeguarding of personal information and data from time to time, and obtain all required consent or permission from all required parties regarding such collection, disclosure and use of information. Franchisee must display and disclose Franchisor's policies and statements regarding any personal information and data privacy, collection, disclosure, use, retention and safeguarding in operating the Service Center, in the manner and form specified or approved in writing in advance by Franchisor from time to time. Franchisee must abide by: (a) the Payment Card Industry Data Security Standards enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act; and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach at its expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Service Center.

13. OPERATION OF THE SERVICE CENTER

13.1 Authorized Products and Services

Franchisee shall offer for sale at the Service Center only the services and products that Franchisor has expressly approved and shall not offer for sale or sell or provide through the Service Center, any services or products which Franchisor has not approved or use the Approved Location for any purpose other than the operation of the Service Center in full compliance with this Agreement and the Manual.

13.2 Standards of Service

Franchisee and its employees will give prompt, courteous, and efficient service to all customers. In all dealings with customers, suppliers and the public, Franchisee and its employees will adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. All advertising and promotion of the Service Center, including the products and services offered, will be in strict compliance with the standards established by Franchisor, shall be completely factual, and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice that may be injurious to Franchisor, the goodwill associated with other OIL STOP Service Centers, the System, or the Marks. Franchisee agrees not to deviate from the System set by Franchisor for the operation of the Service Center. Franchisee shall guarantee its services and respond promptly to all inquiries and complaints in order to achieve customer satisfaction.

13.3 Supplies and Equipment

All equipment, tools, fixtures, uniforms, office supplies, forms, inventory including oil and lubricants and other products used in the operation of the Service Center ("**Supplies and Equipment**") shall comply with Franchisor's specifications and quality standards and, if required by Franchisor, shall be purchased only from "**Approved Suppliers**" that Franchisor designates or approves (which might include Franchisor or its Affiliates). Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of Supplies and Equipment and, if required, a list of Approved Suppliers for some or all of these items, and shall from time to time issue revisions thereto. Upon Franchisor's request, or if Franchisee desires to use any item or service in operating the Service Center that Franchisor has not approved (for items or services that required supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the item or service complies with its standards and specifications or the supplier meets its approved supplier criteria. Franchisor may charge a reasonable fee for inspection and/or testing, not to exceed One Thousand Dollars ($1,000.00), and will decide within a reasonable time after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Notwithstanding anything contrary in this Agreement, Franchisor reserves the right to review from time to time its approval of any Supplies and Equipment or Approved Suppliers. Franchisee acknowledges and agrees that Franchisor may revoke its approval of any Approved Supplier at any time and in its sole discretion by notifying Franchisee and/or the Approved Supplier. Franchisee agrees, at its own expense, to promptly cease using, selling or providing any products disapproved by Franchisor and to promptly cease purchasing from suppliers which Franchisor disapproves. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential. Franchisee acknowledges and agrees that the Franchisor shall in consideration of its efforts in negotiating with suppliers for the benefit of OIL STOP Service Centers, be absolutely entitled for its own account to the benefit of all discounts, volume rebates and other concessions and allowances that the Franchisor may obtain from any person by reason of that person supplying goods or services including without limitation Supplies and Equipment to Franchisee or to other OILSTOP System franchisees.

13.4 Supervision of the Service Center

The Service Center shall, at all times, be under the direct full-time supervision of Franchisee (or, if Franchisee is a Business Entity, its Service Center Manager). Full-time means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave, etc. In the event Franchisee operates more than one (1) Service Center, at least one (1) trained and competent employee shall act as the Service Center Manager for each Service Center. The Service Center Manager and any replacement Service Center Manager is required to enroll in the initial training program as specified in Section 8.1 within 60 days of hire. Franchisee will be totally and solely responsible for the operation of its Service Center, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations.

13.5 Right to Inspect

Franchisee agrees to permit Franchisor and its agents the right to enter the Service Center, at any reasonable time, for the purpose of conducting inspections and impromptu training. Franchisee agrees to cooperate fully with Franchisor's representatives in such inspections by providing access to the Service Center and employees and by rendering such assistance as may be reasonably requested; and, upon notice from Franchisor or its agents, and without limiting other rights under this Agreement, Franchisee must take such steps as may be necessary immediately to correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to correct immediately any deficiencies detected during such inspections, Franchisor shall have the right to make or cause to be made such changes at Franchisee's expense, which expense Franchisee agrees to pay upon demand.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Service Center and shall operate its Service Center in full compliance with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any legal action or any order, writ, injunction, award or decree of any court, agency or other governmental authority, including a failed health inspection report, which may adversely affect the operation or financial condition of the Service Center.

13.8 Days of Operation

Franchisee shall keep the Service Center open for business during normal business hours on the days specified in the Manual.

13.9 Vending Machines

Franchisee agrees not to install or use at the Service Center any vending machines, amusement devices, video machines or other similar devices unless approved in writing by Franchisor.

14. INSURANCE

14.1 General Requirements

Franchisee shall purchase and maintain at Franchisee's sole expense at all times during the Term such insurance coverage as Franchisor shall periodically specify. This shall include, but not necessarily be limited to, comprehensive general liability insurance, automobile insurance, product liability and broad form contractual liability insurance. Each policy shall be written by an insurance company acceptable to Franchisor, and be rated by Best Insurance as A+ or better with a financial rating of 10 or better. Each policy shall name Franchisor as an additional insured. Franchisee shall promptly deliver to Franchisor original certificates evidencing that all insurance required by it is in full force and effect before opening the Service Center for business. Franchisee shall deliver to Franchisor each year renewal certificates, demonstrating that all such insurance policies remain in full force and effect. All policies shall provide that the policy may not be canceled without thirty (30) days prior written notice to Franchisor. If Franchisee fails to obtain or maintain the required insurance, Franchisor has the option to do so on Franchisee's behalf, and its failure to do so shall not be cause for any claim against it by Franchisee, nor be construed as a waiver of Franchisee's obligations under this section or any other section of this Agreement. Coverages specified by Franchisor are minimum amounts only and such should not be construed as a warranty of the adequacy of any such coverages. Franchisor may change or modify its requirements as it deems appropriate, in its sole discretion and Franchisee shall promptly comply with all new and modified requirements.

14.2 Other Insurance

Franchisee will, at its sole cost and expense, purchase and maintain all other insurance required by applicable state and federal laws including if applicable, workers' compensation insurance for its employees. Franchisee will also purchase such other insurance that may be reasonably requested by the Franchisor. The Franchisee will be responsible for determining and purchasing all other insurance for its Service Center utilizing good business practices, and for determining whether the insurance required under this Section is sufficient in coverage and amount.

14.3 Securing Insurance on Franchisee's Behalf

If the Franchisee fails to insure as required hereunder the Franchisor may, at its sole option but without obligation, obtain all or any part of the insurance required by this Section to be obtained by the Franchisee in the name of and on behalf of the Franchisee and for the Franchisee's account, and the Franchisee will reimburse the Franchisor forthwith upon demand for all premiums and other charges paid by the Franchisor with respect to any such insurance so obtained by it. If the Franchisor receives notice from any insurer regarding impending cancellation or lapse of any required insurance due to the non-payment by the Franchisee of any premium installments the Franchisor may, at its sole option but without obligation, pay the required premium installments on behalf of and for the account of the Franchisee, and the Franchisee will reimburse the Franchisor on demand for all amounts so paid.

14.4 Rights of Franchisor

All insurance policies purchased and maintained by Franchisee pursuant to this Section 14 will name Franchisor as an additional named insured, will contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor, and will stipulate that Franchisor will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least thirty (30) days prior to the effective date.

15. TRANSFER

15.1 By Franchisor

This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall provide assurances of its assumption of all obligations and provide evidence of its ability to do so, all in a manner-satisfactory to Franchisor.

15.2 By Franchisee

Franchisee understands and acknowledges that the rights and duties under this Agreement creates are personal to Franchisee (or, if Franchisee is a Business Entity, to its owners) and that Franchisor has granted the Franchise in reliance upon Franchisor's perceptions of Franchisee's (or its owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, for purposes of this Agreement, a "**Transfer**" by Franchisee shall be deemed as any change in ownership or control of Franchisee's interest in (a) this Agreement (or any interest in this Agreement), (b) the Service Center or its assets (except for the sale of assets in the normal course of business), (c) any ownership interest in Franchisee (regardless of the percentage of the ownership interest), and (d) any ownership interest in any of Franchisee's owners (if such owners are legal entities). Any proposed Transfer by Franchisee requires Franchisor's prior written approval. Any Transfer without Franchisor's approval is a breach of this Agreement and shall have no effect with regard to this Agreement and the rights and obligations hereunder. If Franchisee (and its owners) is fully complying with this Agreement, then, subject to the other provisions of this Section 15.2, Franchisor agrees to not unreasonably withhold its approval of a Transfer that meets all of the requirements in this Section 15.2.

If the proposed Transfer is the transfer of a non-controlling ownership interest in Franchisee (determined as of the date on which the proposed Transfer will occur), or the Transfer of a controlling or non-controlling ownership interest in one of Franchisee's direct or indirect owners (if such owner is a business entity) that results in the indirect transfer of a non-controlling ownership interest in Franchisee (determined as of the date on which the proposed Transfer will occur), then all of the following conditions must be met before or concurrently with the effective date of the Transfer:

(1) the proposed transferee and its direct and indirect owners are of good moral character, have no interest in and do not perform services for a Competitive Business, and otherwise meet Franchisor's then applicable standards for an OIL STOP Service Center franchisee; and

(2) all new owners of any direct or indirect ownership interest in Franchisee sign Franchisor's then current form of personal guaranty pursuant to which they agree to be personally bound by, and personally, jointly and severally liable for the breach of any of Franchisee's obligations under this Agreement.

If the proposed Transfer is of this Agreement or a controlling ownership interest in Franchisee or one of its owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate constitute a Transfer of this Agreement or a controlling ownership interest in Franchisee or one of its owners, then all of the following conditions must be met before or concurrently with the effective date of the Transfer:

(1) the transferee has sufficient business experience, aptitude, and financial resources to operate the Service Center;

(2) Franchisee has paid all Royalty Fees, Marketing Fund Contributions, and other amounts owed to Franchisor, its Affiliates, and third party vendors; has submitted all required reports and statements; and has not violated any provision of this Agreement, or any other agreement with Franchisor during both the sixty (60) day period before Franchisee requested Franchisor's consent to the transfer and the period between Franchisee's request and the effective date of the Transfer;

(3) neither the transferee nor its owners (if the transferee is a Business Entity) or Affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(4) the transferee (or its majority owner, if a Business Entity) and its Service Center-Manager satisfactorily complete Franchisor's training program;

(5) the transferee shall (if the Transfer is of this Agreement), or Franchisee shall (if the Transfer is of a controlling ownership interest in Franchisee or one of its owners), sign Franchisor's then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty Fee and the Marketing Fund Contribution, provided, however, that the term of the new franchise agreement signed will equal the unexpired term of this Agreement;

(6) Franchisee or the transferee pays Franchisor the Transfer Fee if the Transfer is of this Agreement, ownership of the Service Center, or a controlling ownership interest in Franchisee or any of its owners. The Transfer Fee is due when Franchisee requests approval of the Transfer and is nonrefundable, whether or not the Transfer actually occurs; and

(7) if requested by Franchisor, Franchisee (and its transferring owners) sign a general release, in a form satisfactory to Franchisor, of any and all claims, whether known or unknown, against Franchisor and its shareholders, officers, directors, employees, and agents.

15.3 Transfer by Franchisee to a Business Entity Controlled by Franchisee

If the Franchisee is an individual or a partnership, this Agreement may be transferred by Franchisee to a Business Entity formed in accordance with applicable law by Franchisee ("**Controlled Entity**") without paying a Transfer Fee, provided that:

(1) the Controlled Entity shall be newly organized and its organizational documents shall provide that its activities are confined exclusively to the operation of the Service Center;

(2) Franchisee shall retain total ownership of the outstanding stock or other capital interest in the Controlled Entity, and Franchisee shall act as the principal officer or officers and directors thereof;

(3) all obligations of Franchisee to Franchisor or any Affiliate shall be fully paid and satisfied;

(4) the Controlled Entity assignee shall enter into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Service Center. If the consent of any other contracting party to any such agreement is required, Franchisee shall have obtained such written consent and provided the same to Franchisor;

(5) all owners of the stock or other ownership interest of the Controlled Entity shall enter into Franchisor's form of Guaranty and Assumption of Obligations, jointly and severally, guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations contained in this Agreement;

(6) each stock certificate or other ownership interest certificate of the Controlled Entity shall have conspicuously endorsed upon the face thereof of a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

(7) copies of the Controlled Entity's organizational documents and other related documents, including resolutions authorizing the assumption of this Agreement, shall be promptly furnished to Franchisor.

15.4 Death or Incapacity of Franchisee

Upon the death or mental incapacity of Franchisee (if an individual) or of any person with an interest in Franchisee or this Agreement, then the executor or administrator of the estate of such person, or the personal representative of such person, shall transfer, within six months after such death or mental incapacity, such interest to a third party approved by Franchisor. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions for Transfer as are provided in Section 15.2. However, in the case of a transfer by devise or inheritance governed by this Section 15.4, if the heirs or beneficiaries are unable to meet the conditions in Section 15.2 hereof, the executor or administrator of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the franchise not to exceed nine (9) months, which disposition shall be subject to all the terms and conditions for transfers contained herein. If the interest is not disposed of within such time, Franchisor may terminate this Agreement pursuant to Section 16.2 hereof. Franchisor shall waive the Transfer Fee as provided in Section 15.2. During that nine (9) month period, the Service Center must be under the primary supervision of a manager who otherwise meets Franchisor's management qualifications.

15.5 Franchisor's Right of First Refusal

If Franchisee (or any of its owners) at any time determine to sell or transfer for-consideration any interest described in Section 15.2 above, Franchisee (or its owners) agree to obtain from a responsible and fully disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Service Center. The offer must include details of the proposed sale, including the payment terms and **the number of days for due diligence and closing**, as well as the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. Franchisor may require Franchisee (or its owners) to send copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Franchisor may, by written notice delivered to Franchisee or its selling owner(s) within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information as requests, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) Franchisor may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) Franchisor's credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or its designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) Franchisor will have an additional ninety (90) days to prepare for closing after notifying Franchisee of its election to purchase; and

(4) Franchisor must receive, and Franchisee and its owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity.

If Franchisor exercises its right of first refusal, Franchisee and its selling owner(s) agree that, for two (2) years beginning on the closing date, Franchisee and the selling owner(s) will be bound by the non-competition covenant contained in Subsection 18.2 below. Franchisor shall have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Subsection.

If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approves the transfer in accordance with, and Franchisee (and its owners) and the transferee comply with the conditions in, Subsections 15.2 and 15.4 above. This means that, even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Subsections 15.2 or 15.4 above, Franchisee (or its owners) may not move forward with the transfer.

If Franchisee does not complete the sale to the proposed buyer within sixty (60) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or its designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor’s or Franchisor’s designee's option.

16. TERMINATION OF AGREEMENT

16.1 By Franchisee

If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within a reasonable time after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement unless the breach cannot reasonably be cured within thirty (30) days, in which case Franchisee will have the right to terminate this Agreement if, after receipt of a written notice of default, Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time, and furnish Franchisee reasonable proof of such efforts. To terminate this Agreement under this Section, Franchisee must provide a separate written notice of termination, which will be effective no less than thirty (30) days after delivery of such notice to Franchisor. Franchisee's termination of this Agreement other than according to this Section will be deemed a termination without cause and a breach of this Agreement

16.2 By Franchisor

This Agreement shall, at the option of Franchisor, terminate upon written notice to Franchisee and without opportunity to cure, if Franchisee:

(1) Fails to secure a site for the Approved Location within six (6) months of signing this Agreement, or Franchisor does not approve Franchisee’s proposed premises for the operation of the Service Center within thirty (30) days after Franchisee has received Franchisee’s request for approval in accordance with Section 5.1;

(2) fails to construct, renovate and remodel the Approved Location as required in this Agreement;

(3) fails to begin operation of the Service Center as required in this Agreement;

(4) or its Service Center Manager, fails to satisfactorily complete the initial training program as required in Section 8.1 of this Agreement;

(5) has made any material misrepresentation or omission in the application for the Franchise;

(6) is convicted of or pleads no contest to a felony or other crime or offense that may, in Franchisor's discretion, adversely affect the reputation of Franchisor, the OILSTOP System, Franchisee or the Service Center;

(7) makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any Confidential Information;

(8) uses Supplies and Equipment in the Service Center obtained from a supplier other than a designated supplier without Franchisor's prior written consent or Franchisee sells or offers for sale from the Service Center services or products which Franchisor has not approved or has disapproved for use in OIL STOP Service Centers;

(9) abandons or fails or refuses to actively operate the Service Center for five (5) or more consecutive days, unless otherwise approved in writing by Franchisor;

(10) makes or attempts to make an unauthorized direct or indirect Transfer without Franchisor's prior written consent, as required under Article 15 of this Agreement;

(11) is adjudicated as bankrupt, becomes insolvent (i.e, cannot pay its debts as they come due), files any action under the U.S. Bankruptcy Code for protection from creditors, or makes a general assignment for the benefit of creditors;

(12) materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks;

(13) breaches any other agreement with Franchisor or its Affiliates;

(14) fails on three (3) or more separate occasions within any period of twenty-four (24) consecutive months to submit reports or other information or supporting records when due, to pay Royalty Fees, Marketing Fund Contributions, amounts due for purchases from Franchisor or other payments when due to Franchisor, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee; or

(15) operates the Service Center in a manner that presents a health or safety hazard to its customers, employees or the public.

Except as otherwise provided in this Section 16.2 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

16.3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, Franchisor may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION OF THIS AGREEMENT

17.1 Franchisee's Obligations

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee agrees to:

(1) cease to operate the Service Center and not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Franchisee of Franchisor;

(2) if requested, assign (or, if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor;

(3) cease to use the Marks and the System, and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other items which display the Marks;

(4) assign to Franchisor any assumed name or equivalent registration filed with state, city or county authorities which contain the name “OILSTOP” or any of the Marks;

(5) pay all sums owing to Franchisor which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, Royalty Fees, Marketing Fund Contributions, SPEID Software License and Support Fees, interest due on the foregoing and other amounts that are unpaid;

(6) pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise in

obtaining injunctive or other relief for the enforcement of any provisions contained in this Agreement;

(7) return the Manuals, all Confidential Information and all other records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Service Center (all of which are acknowledged to be Franchisor's property);

(8) assign to Franchisor, at Franchisor's option, all telephone numbers (and associated listings) for the Service Center;

(9) in the event Franchisor does not elect to exercise its option to acquire the lease for the Approved Location, then, to the extent, if any, Franchisee is permitted to conduct any business at the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location immediately upon termination or expiration hereof as may be necessary to distinguish the appearance of such premises from that of other OIL STOP Service Centers operating under the System and Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose; and

(10) adhere to all provisions of this Agreement which by their nature survive the termination or expiration hereof including the non-compete provisions contained in Section 18.

17.2 Franchisor's Option to Purchase Certain Assets

Franchisor shall have the right (but not the duty) within thirty (30) days after termination or expiration, to purchase any assets used in the operation of the Service Center. Such assets may include any items containing the Marks, leasehold improvements, equipment, supplies, forms, computer hardware and software, stationery and advertising materials. The purchase price for the items shall be Franchisee's cost or their current book value, whichever is less. Franchisor shall have the right to offset all amounts due from Franchisee as part of the purchase price.

18. FRANCHISEE'S COVENANTS NOT TO COMPETE

18.1 During The Term of This Agreement

Franchisee specifically acknowledges that pursuant to this Agreement, Franchisee will receive valuable training and Confidential Information of Franchisor. Accordingly, Franchisee and the Personal Guarantors will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competitive Business, except with the prior written consent of the Franchisor.

18.2 After The Term of This Agreement

Franchisee and the Personal Guarantors covenant that, except as otherwise approved in writing by Franchisor, neither Franchisee nor the Personal Guarantors will not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of for termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity own an interest in, manage, operate, act as a consultant with respect to the management or operation of any Competitive Business within a radius of ten (10) miles of the Approved Location or within ten (10) miles of any other OIL STOP Service Center in operation or under construction on the effective date of the termination or expiration of this Agreement. The Franchisee and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit the Franchisor the opportunity to resell or develop a new OIL STOP Service Center at or in the area near the Approved Location.

18.3 Modification of Covenants

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable, then it shall be amended to provide for limitations upon post-term competition to the maximum extent provided and permitted by law.

18.4 Injunctive Relief

As any breach by Franchisee of any of the covenants contained in this Section 18 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, Franchisee agrees that, in addition to all other remedies provided by law or in equity, Franchisor may be entitled to seek an injunction against any such breach, whether actual or contemplated.

18.5 If Franchisee Starts Another Business

In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, the System or the trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in the Marks. This Section 18.5 is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 17.2 of this Agreement. Franchisee shall not utilize any designation of origin, or description or representation which falsely suggests or represents an association or connection with Franchisor-so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Approved Location (including, without limitation, the changing of the telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System.

18.6 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

19. FRANCHISEE AS A BUSINESS ENTITY

19.7 Business Entity Activities

If a Franchisee is a Business Entity, all of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Service Center(s), pursuant to one or more franchise agreements from Franchisor. Franchisee shall submit to Franchisor, upon the execution of this Agreement and thereafter from time to time upon Franchisor's request, a resolution of Franchisee (or its governing body) confirming that Franchisee is in compliance with this provision.

19.8 Execution of Personal Guaranty

Upon the execution of this Agreement, upon each transfer of an interest in Franchisee, and at any other time upon Franchisor's request, all holders of a legal or beneficial interest in Franchisee will execute a written agreement in a form prescribed by Franchisor, the current form of which is attached hereto as of Exhibit E, personally, irrevocably and unconditionally guarantying, jointly and severally, with all other holders of a legal or beneficial interest in Franchisee the full payment and performance of Franchisee's obligations to Franchisor and to Franchisor's Affiliates.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 Relationship of the Parties

Franchisor and Franchisee are independent contractors. This Agreement does not constitute Franchisee as an agent, servant, representative, partner, associate, joint employer or employee of Franchisor, and Franchisor shall not be construed to be jointly liable for any of Franchisee’s acts or omissions under any circumstances. Franchisor has no relationship with Franchisee’s employees and Franchisee has no relationship with Franchisor’s employees. Neither party is in any way authorized to make any contract, agreement, warranty or representation on behalf of the other. Franchisee specifically acknowledges that Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Service Center. Franchisee is not granted any right or authority to assume or create any obligations or responsibility, express or implied, on behalf of or in the name of Franchisor, in any matter or thing whatsoever. This Agreement does not create a fiduciary relationship or a relationship of special trust and confidence. If directed by Franchisor, then Franchisee shall, prominently display a sign in the Service Center, indicating to the general public that the Service Center is independently owned and operated by a Franchisee under a license granted by Franchisor. All business cards, stationery, checks and employment communications used by Franchisee in connection with the Service Center must clearly disclose that the Service Center is independently owned and operated by Franchisee under a license granted by Franchisor. If required by Franchisor, marketing materials used by Franchisee must clearly disclose that the Service Center is independently owned and operated by Franchisee under a license granted by Franchisor.

20.2 <u>Indemnification</u>

(1) Franchisee agrees to defend, indemnify and hold harmless Franchisor, Franchisor's affiliates, and Franchisor's and Franchisor's respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (a) the Service Center's operation; (b) the business Franchisee conducts under this Agreement; (c) Franchisee's breach of this Agreement; (d) Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Service Center's construction, design or operation, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by Franchisee (or Franchisee's contractors or any of Franchisee's or Franchisee's contractors' employees, agents or representatives), or by Franchisor or Franchisor's affiliates (or Franchisor's or Franchisor's affiliates' contractors or any of Franchisor's or Franchisor's affiliates' employees, agents or representatives), subject to Section 20.2(3). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) Franchisee agrees to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Section 20.2(1)(a) through (e) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at Franchisee's expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 20.2 (instead of having Franchisee defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses Franchisee is solely responsible, subject to Section 20.2(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee, and Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 20.2.

Franchisee’s obligations under this Section 20.2 will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination.

(3) Despite Section 20.2(1), Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for, and Franchisor will reimburse Franchisee for, any Losses (including costs of defending any Proceeding under Section 20.2(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party’s willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or Franchisor’s failure to compel Franchisee to comply with this Agreement. However, nothing in this Section 20.2(3) limits Franchisee’s obligation to defend Franchisor and the other Indemnified Parties under Section 20.2(2).

21. DISPUTE RESOLUTION

21.1 Injunction

Franchisor shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) Franchisee's use of the Marks; (2) the construction and equipping of the Service Center; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a transfer of this Agreement, any ownership interest therein or in the lease for the Approved Site; and (5) enforcement of the provisions of Section 7.2 relating to Confidential Information.

21.2 Arbitration

Except as otherwise provided in this Agreement (and in particular Section 21.1, above), Franchisee and Franchisor agree that any claim, controversy or dispute between Franchisor (and Franchisor’s affiliates, and Franchisor’s and Franchisor’s affiliates’ respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and Franchisee’s affiliates and Franchisee’s and Franchisee’s affiliates’ respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or relating to:

(1) this Agreement (and exhibits) or any other agreement between Franchisee and Franchisor or any provision of any of such agreements (including this Section 21.2);

(2) Franchisor’s relationship with Franchisee;

(3) the scope of this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreements (including the scope and validity of the arbitration obligations under this Section 21.2, which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court);or

(4) any System standard

will be referred to arbitration in accordance with the rules of arbitration of the American Arbitration Association (or any successor thereto), as amended and The Federal Arbitration Act, 9 U.S.C.A. Sections 1 — 14 shall apply. If such rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. Each party shall select one (1) qualified arbitrator and the two (2) arbitrators shall select a third qualified arbitrator. Failing selection of an arbitrator by either party, or by the two (2) selected by the parties, the additional arbitrator(s) who have not yet been selected shall be selected by the American Arbitration Association or any successor thereof. The arbitration proceeding shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association where such rules are not inconsistent with the provisions of this Section. The arbitration shall be administered by the American Arbitration Association office nearest to Franchisor's principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which Franchisor's principal offices are located at that time.

The arbitrators shall have the right to award or include in their award any relief which they deem proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrators will not have authority to declare any Mark generic or otherwise invalid; and (2) except for punitive, exemplary and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under Section 20.2, Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other and agree that, in the event of a dispute between Franchisor and Franchisee, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Franchisee further agree that, in connection with any such arbitration proceeding, each party shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Section 22.3.

Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Franchisor (and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and Franchisee's affiliates and Franchisee's and Franchisee's affiliates' respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 21.2, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or entity. Notwithstanding the foregoing or anything to the contrary in this Section 20.2 or Section 22.6, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21.2, then Franchisor and Franchisee agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.2).

The provisions of this Section 21.2 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

21.3 <u>Choice Of Law</u>

Except to the extent governed by the Federal Arbitration Act, the U.S. Trademark Act of 1946 or other federal law, all controversies, disputes or claims arising from or relating to:

(1) this Agreement (and exhibits) or any other agreement between Franchisee and Franchisor or any provision of any of such agreements (including this Section 21.2);

(2) Franchisor's relationship with Franchisee;

(3) the scope of this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreements (including the scope and validity of the arbitration obligations under this Section 21.2, which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court);or

(4) any System standard

shall be governed by the laws of the State of California without regard to conflicts of laws rules; provided, however, that the provisions of Section 18.2 shall be interpreted and construed under the laws of the jurisdiction in which Franchisee's Service Center is located. Nothing in this section is intended, or shall be deemed, to make any California law regulating the offer or sale of franchises or the franchise relationship unless the jurisdictional requirements of such laws are met independently without reference to this Section. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portion and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in effect. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction.

21.4 <u>Consent to Jurisdiction</u>

Subject to Section 21.3 above and the provisions below, Franchisee and its owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between Franchisor and Franchisee must be commenced in the state or federal court of general jurisdiction closest to where Franchisor's principal offices are located at that time. Franchisee and its owners irrevocably submit to the jurisdiction of those courts and waive any objection to either jurisdiction or venue in those courts. Nevertheless, Franchisee and its owners agree that that Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce this Agreement or any arbitration orders and awards in any federal or state court in the state or states in which Franchisee or Franchisee's owners are domiciled or the Service Center is located.

21.5 Cumulative Rights And Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy.

21.6 Limitations of Claims

Any claim concerning the Service Center or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. Notwithstanding anything to the contrary in this Section 21.6, if in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

21.7 No Punitive or Exemplary Damages

EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 20.2, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

21.8 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS).

22. GENERAL CONDITIONS AND PROVISIONS

22.1 Waiver and Delay

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof; shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Any waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Notices

Except as otherwise provided, all notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered if by hand delivery to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day of the transmission if by facsimile or other reasonably reliable electronic communication system (if confirmed by sender); (c) one (1) business days after being placed in the hands of a nationally recognized commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the address below:

Auto Excellence LLC
5330 Old Redwood Highway, Suite C,
Petaluma, California 94954

All notices to the Franchisee will be sent to the Approved Location, or such other address as the Franchisee may subsequently designate in writing.

22.3 Payment of Costs and Expenses

If either Franchisor or Franchisee seeks to enforce this Agreement in an arbitration, judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, court costs and other arbitration or litigation expenses) incurred in connection with such arbitration, judicial or other proceeding.

22.4 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

22.5 Entire Agreement

The preambles and exhibits are a part of this Agreement which, together with any riders or addenda signed at the same time as this Agreement, constitutes the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior and contemporaneous oral or written agreements and understandings between Franchisor and Franchisee relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation made in Franchisor's most recent Franchise Disclosure Document, including its exhibits and amendments that Franchisor delivered to Franchisee or Franchisee's representative. Any policies that Franchisor adopts and implement from time to time to guide Franchisor's decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

22.6 Severability

Except as expressly provided to the contrary in this Agreement, each section, subsection, paragraph, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, subsection, paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining sections, subsections, paragraphs, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid paragraphs, parts, terms and/or provisions shall be deemed not part of this Agreement. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other-than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement. Franchisee expressly shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

22.7 Construction

All headings herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

23. ACKNOWLEDGMENTS

23.1 Receipt of Agreement

Franchisee represents and acknowledges that it has received, read and understood this Agreement, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

23.2 Receipt of Franchise Disclosure Document

Franchisee acknowledges that Franchisee has received, read and understood Franchisor's Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

23.3 Consultation by Franchisee

Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee has either consulted with such advisors or has deliberately declined to do so.

23.4 True and Accurate Information

Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

23.5 Risk

Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in an OILSTOP Franchise involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

23.6 No Representations

Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, nor has Franchisee relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

Signatures contained on following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISOR:	**FRANCHISEE:**
Auto Excellence LLC	______________________________
By: ________________________	By: ________________________
Print Name: ________________	Print Name: ________________
Title: ______________________	Title: ______________________

EXHIBIT A TO THE FRANCHISE AGREEMENT

FRANCHISEE OWNERSHIP ACKNOWLEDGEMENT

Franchisee hereby acknowledges that Franchisee is [corporation/limited liability company/partnership]. Franchisee was [incorporated/established] on [date], under the laws of the State of [state].

Franchisee hereby warrants and represents that the following individuals constitute all of Franchisee's beneficial and legal owners:

OWNER NAME, ADDRESS, TELEPHONE NUMBER	PERCENTAGE OF OWNERSHIP INTEREST

Franchisee acknowledges that Franchisor is relying on all of Franchisee's representations and warranties as a material basis for entering into this Agreement, and that the information set forth above is true and correct.

FRANCHISOR:	**FRANCHISEE:**
Auto Excellence LLC	______________________________
By: ______________________	By: ______________________
Print Name: ________________	Print Name: ________________
Title: ____________________	Title: ____________________

EXHIBIT B TO THE FRANCHISE AGREEMENT
DESIGNATED AREA

Franchisee's Designated Area shall be:

FRANCHISOR:	**FRANCHISEE:**
Auto Excellence LLC	______________________________
By: ________________________	By: __________________________
Print Name: ________________	Print Name: ____________________
Title: ______________________	Title: _________________________

EXHIBIT C TO THE FRANCHISE AGREEMENT

PROTECTED TERRITORY AND APPROVED LOCATION

1. Franchisee's Protected Territory shall be:

2. Franchisee's Approved Location shall be:

FRANCHISOR:	**FRANCHISEE:**
Auto Excellence LLC	______________________________
By: __________________________	By: __________________________
Print Name: ___________________	Print Name: ___________________
Title: ________________________	Title: ________________________

EXHIBIT D TO THE FRANCHISE AGREEMENT

SPEID SOFTWARE LICENSE AGREEMENT

This Software License Agreement (the "Software License Agreement") is made effective this ___ day of _______, 20__ by and between Auto Excellence LLC, a Delaware limited liability company ("Licensor") and _________________, a [state][corporation/limited liability company/partnership] ("Licensee").

RECITALS

WHEREAS, Licensor, as Franchisor, and Licensee, as Franchisee, have entered into an Auto Excellence LLC Franchise Agreement of even date (the "Franchise Agreement"), under which Licensor as Franchisor granted Licensee as Franchisee the right to operate an OIL STOP Service Center, at the "Premises" identified in Section I.A of the Franchise Agreement;

WHEREAS, Licensor's affiliate, Oil Stop, LLC, has granted Licensor the right to use and sublicense the use of proprietary software and documentation, known as Serving People Excellently In the Details ("SPEID") software for use in the operation of OIL STOP Service Centers;

WHEREAS, Licensee desires to use the SPEID software and Licensor is willing to grant Licensee a single limited license to use the SPEID software in the operation of Franchisee's OIL STOP Service Center.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are mutually acknowledged by each party, it is agreed as follows:

1. GRANT OF LICENSE

Licensor hereby grants Licensee, and Licensee hereby accepts a non-exclusive, non-transferable license to use the SPEID software solely in connection with Licensee's operation of its OIL STOP Service Center at the Approved Location. Licensee acknowledges that this license entitles Licensee to use the SPEID software solely in connection with the operation of Franchisee's OIL STOP Service Center and for no other use.

2. TERM

The license granted to Licensee hereunder is for the term of the Franchise Agreement and will remain in full force so long as Franchisee is in good standing under the Franchise Agreement.

3. LICENSE AND SUPPORT FEES

Licensee shall be required to pay an initial License Fee ("License Fee") upon the signing of this License Agreement in the amount of Eight Thousand Dollars ($8,000). This License Fee is payable in a lump sum and is nonrefundable under any circumstance.

Licensee also agrees to pay an ongoing maintenance and support fee of Four Hundred Seventy-Five Dollars ($475) per month ("Support Fee"). The Support Fee is designed to compensate Licensor for the maintenance and support services as described in Section 7 of this Agreement and shall be paid at the same time and in the manner as required of the Royalty under the terms of the Franchise Agreement. Licensor may adjust this fee on an annual basis to cover the costs Licensor expects to incur in that year. All other computer system costs and all software/hardware maintenance fees and costs are in addition to this fee and will be Licensee's sole responsibility. If, in Licensor's reasonable judgment, the support required by Licensee is beyond that which is appropriate for such fee, Licensor may terminate all such support (and Support Fee) and/or increase the Support Fee to a level reasonably appropriate to the service and benefits to be provided.

In addition, Licensee agrees to pay all sales, use, property, license or other taxes imposed by any jurisdiction arising out of or related to the license granted under this Agreement or to Licensee's use of the SPEID software.

4. SCOPE OF USE

The SPEID software shall only be used by Licensee's employees in the operation of Licensee's Service Center and Licensee shall not use the SPEID software for any other purpose. Licensee shall not delete or permit to be deleted any identifying marks, copyright or proprietary right notices of Licensor or its affiliates. Licensee shall not translate, decompile, nor create nor attempt to create, by reverse engineering or otherwise, the source code from the object code supplied hereunder, or adapt the SPEID software in any way or use it to create a derivative work. Licensor retains title in and to the SPEID software, including, without limitation, all rights to patents, copyrights, trademarks, trade secrets and other intellectual property rights inherent therein and/or appurtenant thereto. Licensee shall not, by virtue of this Agreement or otherwise, acquire any proprietary rights whatsoever in the SPEID software which is the confidential information of Licensor and its affiliates and the sole and exclusive property of Licensor and its affiliates. Any right not expressly granted to Licensee by this Agreement is hereby expressly reserved by Licensor and its affiliates.

5. HARDWARE

Licensee is solely responsible for acquiring and installing any additional computer software or hardware necessary to operate the SPEID software. Licensee shall use the SPEID software only in conjunction with software and hardware approved by Licensor.

6. CONFIDENTIALITY

Licensor and its affiliates have expended substantial sums and devoted substantial resources in creating the SPEID software and as a result Licensee agrees to keep the SPEID software and the data generated by its use confidential during and after the term of this Agreement. Licensee shall not sell, transfer, publish, disclose, display or otherwise make available the SPEID software or copies thereof to third parties. Licensee agrees to secure and protect the SPEID software in order to maintain the proprietary rights of Licensor and its affiliates, including, but not limited to, appropriate instructions to its employees and, if required, enter into confidentiality agreements with certain of its employees, in a form approved by Licensor. Licensee shall promptly notify Licensor in writing of any suspected non-compliance or breach of the confidentiality provisions of this Agreement. Licensee agrees to permit representatives of Licensor to inspect, at all reasonable times, the Approved Location or any location at which the SPEID software or any items supplied under this Agreement are being used or kept.

7. MAINTENANCE AND SUPPORT SERVICES

Licensor agrees to make available, at no additional charge to licensee, telephone support during the hours of 8:00am eastern standard time and 8:00pm pacific standard time or as otherwise prescribed by Licensor. In addition, Licensor may from time to time provide updates to the SPEID software which may include revisions, modifications, and/or correction of defects ("Updates") designed to enhance the operation of the SPEID software. In the event Updates are provided to Licensee, such Updates shall become a part of the SPEID software for purposes of this Agreement and shall be subject to all of the terms and conditions of this Agreement. Licensee agrees to implement and utilize any Update as may be required by Licensor.

8. WARRANTIES

LICENSOR WARRANTS AND REPRESENTS THAT IT HAS THE AUTHORITY TO ENTER INTO THIS AGREEMENT TO LICENSE THE SPEID SOFTWARE TO LICENSEE. THIS EXPRESS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

IN NO EVENT SHALL LICENSOR HAVE ANY LIABILITY TO LICENSEE HEREUNDER FOR DAMAGES IN THE FORM OF CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES, LOST PROFITS OR LOST BUSINESS OR OTHERWISE, OR FOR EXEMPLARY DAMAGES, RESULTING FROM LICENSEE'S USE OR INABILITY TO USE THE SPEID SOFTWARE OR FOR ANY SUPPORT SERVICES RENDERED WITH RESPECT THERETO, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

LICENSOR EXPRESSLY DISCLAIMS ANY WARRANTY THAT THE SPEID SOFTWARE IS ERROR FREE OR THAT THE USE OF THE SOFTWARE BY LICENSEE WILL BE UNINTERRUPTED OR ERROR FREE.

9. TERMINATION

The license granted to Franchisee hereunder and this Agreement shall terminate at Licensor's option upon the occurrence of any of the following events:

(a) Upon fifteen (15) days' written notice to Licensee, if Licensee fails to pay as and when due any sums owed to Licensor under this Agreement and such default remains uncured after expiration of the fifteen (15) day cure period; or

(b) Immediately upon delivery to Licensee of written notice of termination if Licensee has violated any other provision of this Agreement; or

(c) Immediately and without notice if Licensee ceases to have the right to operate the Service Center pursuant to the Franchise Agreement (including a transfer of the Franchise Agreement approved by Franchisor).

Within five (5) days after termination of this Agreement, Licensee will return to Licensor the SPEID software in the form provided by Licensor, including any Updates provided by Licensor. Licensee shall immediately cease further use of the SPEID software and shall allow Licensor's representatives to remove it from the computer hardware and destroy all backup and other copies, and certify in writing that they have been destroyed. The termination or expiration of this Agreement will not relieve Licensee of its obligations of confidentiality and nondisclosure including, but not limited to, those contained in Section 6 of this Agreement. In addition, Licensee shall continue to be obligated for any payments due under this Agreement. Termination of this Agreement shall be in addition and not in lieu of any remedies available to Licensor.

10. TRANSFER

Licensee may transfer its rights under this Agreement only in conjunction with a transfer of the Franchise Agreement approved by and with the written consent of Franchisor.

11. INDEMNIFICATION

Licensee will, at its own expense, indemnify and reimburse Licensor for the defense of, and hold harmless Licensor and its affiliates and their officers and employees, from and against any and all claims, actions, liabilities, losses, damages, judgments, costs and expenses (including attorneys' fees) resulting from or pertaining to Licensee's breach of any of its obligations under or in connection with this Agreement, and any and all negligent acts or omissions of Licensee or any of its owners, officers, directors, employees, or agents.

12. ENTIRE AGREEMENT

This Agreement and the Franchise Agreement, evidences the complete understanding and agreement between the parties with respect to the subject matter hereof and supersedes and merges all previous representations, understandings and agreements, whether oral or written between the parties. This Agreement may not be modified except by a writing subscribed to by authorized representatives of Licensee and Licensor.

13. DISPUTE RESOLUTION/GOVERNING LAW

ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THE SPEID SOFTWARE AND/OR THIS AGREEMENT SHALL BE SUBJECT TO THE DISPUTE RESOLUTION PROVISIONS CONTAINED IN SECTION 21 OF THE FRANCHISE AGREEMENT.

14. WAIVER

The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

15. SEVERABILITY

Should any provision of this Agreement be invalid, or unenforceable, the remainder of the provisions shall remain in effect.

16. NOTICES

Unless otherwise provided, notices to either party shall be in writing to the address indicated in the Notices section of the Franchise Agreement.

17. FORCE MAJEURE

Any delay or failure of any party to perform any obligation under this Agreement caused by governmental restrictions, labor disputes, storms or natural disasters, emergency, or other causes beyond the reasonable control of the party, shall not be deemed a breach of this Agreement. This provision shall not apply to the payment of monies or any breach of Section 6.

LICENSOR:	LICENSEE:
Auto Excellence LLC	______________________________
By: ______________________	By: ______________________
Print Name: ________________	Print Name: ________________
Title: ____________________	Title: ____________________

EXHIBIT E TO THE FRANCHISE AGREEMENT
PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by Auto Excellence LLC ("Franchisor") with _________________, a [state] [corporation/limited liability company/partnership] ("Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally: (1) guarantees to Franchisor and its Affiliates and each of their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the undersigned will be bound by, and punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement; (2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement; and (3) agrees to be personally bound by, and personally liable for, each obligation of Franchisee to Franchisor and/or any company Affiliated or related in any way with or to Franchisor. Franchisor (and/or its Affiliates) need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its sole and absolute discretion.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor, of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right the undersigned may have to require that an action be brought against Franchisor, Franchisee or any other person as a condition of liability; and (4) any and all other notices to which he or she may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guaranty will be joint and several; (2) he and/or she will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses to do so punctually; (3) such liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against Franchisee or any other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time-to-time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement; (5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the termination, recession, expiration or otherwise of the Agreement; and (6) the dispute avoidance and resolution provisions of the Agreement are incorporated in and will apply to this document and apply to any dispute involving the Franchisor and any of the undersigned.

SIGNATURE PAGE FOLLOWS

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

GUARANTORS	PERCENTAGE OF OWNERSHIP IN FRANCHISEE
______________________________ ______________________________	___%
______________________________	___%

EXHIBIT F TO THE FRANCHISE AGREEMENT

CONVERSION ADDENDUM

AUTO EXCELLENCE LLC
CONVERSION FRANCHISE AGREEMENT

This Conversion Franchise Agreement ("this Agreement") is made and entered into this ____ day of _________, __________ between Auto Excellence LLC., a Delaware limited liability company, having its principal place of business at 5330 Old Redwood Highway, Suite C, Petaluma, California 95954 ("Franchisor") and __________________________, a ____________________ formed and operating under the laws of the State of __________________ and having its principal place of business at ____ ("Conversion Franchisee").

This Conversion Franchise Agreement is intended to be a modification of and an amendment to the Franchise Agreement. Defined terms shall have the same meanings in this Conversion Franchise Agreement as in the Franchise Agreement, unless otherwise indicated. In the event of any conflict between the following and the provisions of the Franchise Agreement, the provisions of the Conversion Franchise Agreement shall control.

WITNESSETH:

WHEREAS, Franchisor and Conversion Franchisee have simultaneously herewith entered into a certain Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a Franchised Service Center; to use the "OILSTOP" Marks; and to utilize the System in connection therewith (an "OIL STOP Franchised Service Center"); and

WHEREAS, Conversion Franchisee has submitted an application to Franchisor seeking permission to become a Conversion Franchisee of Franchisor, and Franchisor has approved such application; and

WHEREAS, Conversion Franchisee presently owns and operates a business offering and selling oil and fluid change services and related products and services which are similar to those offered by the Franchised Service Center from a location approved by Franchisor and has done so for a period of at least six (6) months; and

WHEREAS, Conversion Franchisee represents and acknowledges that it has met Franchisor's standards and qualifications to be classified as a "Conversion," and upon reliance on Conversion Franchisee's representation to Franchisor of such, Franchisor approves of such conversion classification; and

WHEREAS, Conversion Franchisee has represented and acknowledged that it does not operate under a franchise agreement, licensing agreement, or a prescribed marketing plan or system of another company, person or entity and is not subject to any agreements limiting or restricting Conversion Franchisee's ability to conduct the business contemplated to be conducted at an OIL STOP Franchised Service Center; and

WHEREAS, Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful; and

WHEREAS, Conversion Franchisee acknowledges that by becoming a franchisee of Franchisor it will be subject to covenants regarding competition, confidentiality agreements and standards of performance and quality as necessary to operate a Franchised Service Center which otherwise would not attach to its business operations; and

WHEREAS, Franchisor desires to grant to Conversion Franchisee a franchise upon the terms and subject to the conditions hereof and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

I. INCORPORATION OF TERMS OF FRANCHISE AGREEMENT

A. This Agreement shall amend and supplement the Franchise Agreement simultaneously executed by the parties herein. The terms, covenants and conditions of this Agreement are incorporated into the Franchise Agreement, and with respect to any conflict between the two (2) agreements, the terms of this Agreement shall be controlling with respect to the subject matter thereof.

B. Except as expressly set forth in this Agreement, the rights, duties and obligations of the parties with respect to the Franchised Service Center shall be the same as the rights, duties and obligations of the parties with respect to the Franchised Service Center described in the Franchise Agreement.

II. INITIAL FRANCHISE FEE

A. In consideration for the franchise granted herein, Conversion Franchisee shall pay to Franchisor a Conversion Franchise Fee ("**Franchise Fee**") of __________________________ Dollars ($ ___________). The Franchise Fee is due and payable in full upon execution of the Franchise Agreement and this Agreement and is not refundable in whole or in part and shall be deemed fully earned when paid. The Franchise Fee shall be deemed fully earned and nonrefundable upon execution of this Agreement as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchisee and for Franchisor's lost or deferred opportunity to grant this franchise to other third (3rd) parties, except as may be specifically provided in this Agreement, the Franchise Agreement and/or any exhibits attached thereto.

B. In addition, Conversion Franchisee is required to pay to Franchisor all other fees and payments as are more fully described in the Franchise Agreement (excluding the Franchise Fee specified in Section 3.1 of the Franchise Agreement) without deduction from the Franchise Fee.

III. CONVERSION OF FRANCHISEE'S BUSINESS TO THE SYSTEM

A. Prior to the commencement of operation of the Franchised Service Center, Conversion Franchisee shall cease using or replace, as designated by Franchisor, all inventory, products, signs and equipment which do not conform with the System; are not approved by Franchisor; or which do not meet the standards and specifications prescribed in the OILSTOP Confidential Operations Manual ("**Manual**") (as amended from time to time).

B. Conversion Franchisee understands and hereby acknowledges that every component of the System is vital to Franchisor, to other franchisees and to the operation of the business franchised hereby, and that compliance with the System is of the essence of this Agreement. Franchisee shall at all times conduct the OIL STOP Franchised Service Center hereunder in compliance with the System and applicable law and cease rendering services or using equipment, inventory, products or signs which are not designated by Franchisor to be components of the System.

C. As of the date on which Conversion Franchisee commences operating its business as an OIL STOP Franchised Service Center, Conversion Franchisee shall identify and represent its business as an OIL STOP Franchised Service Center through the use and display of Franchisor's Marks as set forth in the Franchise Agreement.

D. Conversion Franchisee shall convert all of its books, accounts, ledgers, guest[*] lists, bookkeeping systems and related records and systems related to the OIL STOP Franchised Service Center so as to comply with the standards and specifications of the System within sixty (60) days after execution of the Franchise Agreement and this Agreement.

E. Conversion Franchisee and/or its designated manager shall satisfactorily complete Franchisor's required training program. Conversion Franchisee must complete all necessary pre-commencement standards and specifications and commence operation of the Franchised Service Center within six (6) months after the execution of the Franchise Agreement and this Agreement.

F. As of the date on which Conversion Franchisee commences operating its business as an OIL STOP Franchised Service Center, Conversion Franchisee shall identify and represent its business as an OIL STOP Franchised Service Center through the use and display of the Marks as set forth in the Franchise Agreement. For a period of six (6) months from the commencement of business as a Franchised Service Center, Conversion Franchisee may display in Franchisor's sole discretion, and with Franchisor's prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Manual, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business if permitted by applicable state law. However, on the first anniversary of the commencement of operations as an OIL STOP Franchised Service Center, or at such later date as Franchisor may permit, Conversion Franchisee, at its sole cost and expense, shall cease using all references to its prior trade name and carry out its business activities only as an OIL STOP Franchised Service Center and only under the OILSTOP Marks.

IV. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

A. Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a business and/or has been employed in a capacity offering and selling oil and fluid

[*] In keeping with Franchisor's operating philosophy and corporate mission, the term "guest(s)" refers to "customer(s)" of the Franchised Service Center.

change services and other related products and services similar to those offered under the System, Conversion Franchisee covenants and agrees to be bound by the restrictions on the use of confidential information set forth in Section 7.2 of the Franchise Agreement.

B. Conversion Franchisee expressly acknowledges that despite the fact that it had been in the business of offering and selling oil and fluid change services and other related products and services similar to those offered in the Franchised Service Center prior to becoming an Auto Excellence LLC franchisee, Conversion Franchisee shall be bound by the covenants not to compete set forth in Section 18.1 of the Franchise Agreement and all other applicable provisions of the Franchise Agreement.

V. ACKNOWLEDGMENTS

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

A. It is the majority owner and operator of its business and that this Agreement and all other documents delivered by Conversion Franchisee to Franchisor (i) have been duly authorized, executed and delivered by Conversion Franchisee; (ii) are legal, valid and binding obligations of Conversion Franchisee; and (iii) are enforceable in accordance with their respective term.

B. It does not operate or hold a majority interest in other businesses, or any businesses offering services and products similar to those offered in the System which have not been converted to the System.

C. Its business does not operate under either a franchise agreement, licensing agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition and agrees to indemnify Franchisor any claims asserted by third parties as a result of entering into this Agreement.

D. No other person, firm, partnership, limited liability company, corporation or other entity has any right, title or interest in or to Conversion Franchisee’s business. Conversion Franchisee’s business has not been mortgaged, pledged or assigned and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee’s interest in said business.

E. Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful.

F. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Agreement the manner and operation of its business must be in strict compliance with Franchisor’s standards and specifications and furthermore acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which comprise, or may in the future comprise, a part of the System is expressly limited.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement to the Franchise Agreement in multiple copies on the day and year first set forth above.

ATTEST: AUTO EXCELLENCE LLC

_______________________________ By: ___________________________

Title: _________________________

ATTEST/WITNESS: CONVERSION FRANCHISEE:

_______________________________ By: ___________________________

Title: _________________________

_______________________________ By: ___________________________

Title: _________________________

EXHIBIT C

FINANCIAL STATEMENTS

Report of Independent Auditors and Financial Statements

Auto Excellence LLC

December 31, 2020, 2019 and 2018

MOSSADAMS

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Report of Independent Auditors

To the Members
Auto Excellence LLC

Report on Financial Statements

We have audited the accompanying financial statements of Auto Excellence LLC, which comprise the balance sheets at December 31, 2020, 2019 and 2018, and the related statements of income and member's equity, and cash flows for the years ended December 31, 2020 and 2019, and the period October 31, 2018 to December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Auto Excellence LLC as of December 31, 2020, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2020 and 2019, and the period October 31, 2018 to December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Santa Rosa, California
March 23, 2021

Financial Statements

Auto Excellence LLC
Balance Sheets
December 31, 2020, 2019 and 2018

	2020	2019	2018
ASSETS			
CURRENT ASSETS			
Cash	$ 309,000	$ 604,800	$ 231,300
Accounts receivable, trade	252,800	186,000	316,000
Accounts receivable, other	78,400	48,200	127,700
Inventories	40,400	38,200	82,100
Prepaid expenses	9,700	9,300	8,500
Total current assets	690,300	886,500	765,600
INTANGIBLE ASSETS, net	663,000	857,000	1,063,700
Total assets	$ 1,353,300	$ 1,743,500	$ 1,829,300
LIABILITIES AND MEMBER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable	$ 14,700	$ 35,800	$ 36,300
Accrued expenses	21,200	6,500	5,700
Total current liabilities	35,900	42,300	42,000
MEMBER'S EQUITY	1,317,400	1,701,200	1,787,300
Total liabilities and member's equity	$ 1,353,300	$ 1,743,500	$ 1,829,300

See accompanying notes.

Auto Excellence LLC
Statements of Income and Member's Equity
Years Ended December 31, 2020 and 2019, and Period October 31, 2018 to December 31, 2018

	2020	2019	2018
REVENUES			
Continuing franchise fees, net	$ 2,918,400	$ 3,074,700	$ 418,300
Training development revenue	199,800	199,300	26,700
Sales of material and supplies	149,400	188,400	30,200
Total revenues	3,267,600	3,462,400	475,200
OPERATING COSTS AND EXPENSES			
Location expenses	1,080,900	1,249,700	215,700
General and administrative expenses	872,200	979,400	145,100
Cost of sales	69,600	90,400	15,400
Total operating costs and expenses	2,022,700	2,319,500	376,200
INCOME FROM OPERATIONS	1,244,900	1,142,900	99,000
OTHER INCOME, net	3,300	1,200	300
NET INCOME	1,248,200	1,144,100	99,300
MEMBER'S EQUITY, beginning	1,701,200	1,787,300	-
CONTRIBUTIONS	-	-	1,688,000
DISTRIBUTIONS	(1,632,000)	(1,230,200)	-
MEMBER'S EQUITY, ending	$ 1,317,400	$ 1,701,200	$ 1,787,300

Auto Excellence LLC
Statements of Cash Flows
Years Ended December 31, 2020 and 2019, and Period October 31, 2018 to December 31, 2018

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,248,200	$ 1,144,100	$ 99,300
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	194,000	213,700	43,800
Changes in:			
Accounts receivable, trade	(66,800)	130,000	25,400
Accounts receivable, other	(30,200)	79,500	(117,900)
Inventories	(2,200)	43,900	13,500
Prepaid expenses	(400)	(800)	(8,500)
Accounts payable	(21,100)	(500)	600
Accrued expenses	14,700	800	4,600
Net cash from operating activities	1,336,200	1,610,700	60,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of software	-	(7,000)	-
Net cash from investing activities	-	(7,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions	-	-	170,500
Distributions	(1,632,000)	(1,230,200)	-
Net cash from financing activities	(1,632,000)	(1,230,200)	170,500
NET CHANGE IN CASH	(295,800)	373,500	231,300
CASH, beginning of period	604,800	231,300	-
CASH, end of period	$ 309,000	$ 604,800	$ 231,300
SUPPLEMENTAL DISCLOSURE OF SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES			
Net assets acquired and contributed	$ -	$ -	$ 1,517,500

See accompanying notes.

NOTE 1 – DESCRIPTION OF OPERATIONS

Description of operations – Auto Excellence LLC is a wholly-owned subsidiary of Oil Stop LLC and franchises Oil Stop oil change and automotive maintenance operations nationwide to which they also sell materials and supplies. On October 31, 2018, Oil Stop LLC (Oil Stop) acquired the assets of Oil Stop, Inc., and contributed certain assets and liabilities to the newly formed franchise company Auto Excellence LLC (the Company).

The Company is organized under the laws of the state of Delaware as a limited liability company. The duration of the Company is ongoing and will not dissolve upon a specific date, except as required by the provisions of the operating agreement.

The Company commenced operations on October 31, 2018. The period ended December 31, 2018, reflects the operations from October 31 through December 31, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue Recognition (Topic 606*), *Revenue from Contracts with Customers* (ASU 2014-09). The Company adopted ASU 2014-09 on January 1, 2019, using the modified retrospective transition method. The Financial Statements reflect the application of Accounting Standards Codification (ASC) Topic 606 guidance beginning in 2019, while the financial statements for prior periods were prepared under the guidance of ASC Topic 605. There was no financial statement impact as of January 1, 2019, related to the Company's transition to ASC Topic 606.

ASC Topic 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC Topic 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. Under the new guidance, the Company has identified one performance obligation for the use of the license and intellectual property and will recognize the franchise fee over the term of the franchise. Previously, the Company recognized the initial franchise fee as revenue when the service center was opened. The Company evaluated the impact of ASC Topic 606 and concluded the adoption of this standard does not have a material impact to the financial statements in the period ended December 31, 2018.

The Company's franchise revenues consist of fees from franchises under the name "Oil Stop Drive Thru Oil Change" operated by franchisees. Revenues from franchises include royalties, advertising fees, and commissions based on a percent of sales. The Company's policy is to recognize franchise revenue when it is earned and realized or realizable and collectability is reasonably assured. Initial franchise and renewal fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 15 years. Costs associated with franchise operations are expensed as incurred. There were no new franchises opened during the years ended December 31, 2020 and 2019, and the period ended December 31, 2018.

The Company recognizes revenue from the sale of material and supplies at the time the merchandise is sold and the product is delivered to the franchisee. The Company records revenue net of an allowance for estimated future returns. The Company establishes reserves for sales returns and allowances based on current sales levels and historical return rates.

Training and development revenue is recorded when earned based on certain supplier agreements.

Recent accounting pronouncement -

In January 2021, the FASB issued ASU No. 2021-02, *Franchisors - Revenue from Contracts with Customers (Subtopic 952-606): (Practical Expedient).* The amendments in this ASU introduce a new practical expedient that simplifies the application of the guidance about identifying performance obligations. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, the FASB decided to provide an accounting policy election to recognize the pre-opening services as a single performance obligation.

If an entity has already adopted ASC Topic 606, the amendments in this ASU are effective in interim and annual periods beginning after December 15, 2020. Early application is permitted. For those entities, this guidance should be applied retrospectively to the date ASC Topic 606 was adopted. The Company is currently assessing the impact of the ASU on its financial statements.

Use of estimates and uncertainties – The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The business and economic uncertainty resulting from the COVID-19 pandemic has made such estimates and assumptions more difficult to calculate. As future events and their effect cannot be determined with precision, actual results could differ significantly from those estimates.

COVID-19 created many uncertainties during 2020, and has adversely affected workforces, customers, economies and financial markets globally. It has also disrupted the normal operations of many businesses including the Company's. While it is not possible to predict the duration or magnitude of the impact of the COVID-19 pandemic, the Company does not currently believe it will impact their ability to continue to operate their business as a going concern.

Concentration of risk – Financial instruments potentially subjecting the Company to concentrations of credit risk consist primarily of cash in excess of FDIC limits and trade accounts receivable. The Company's cash consists principally of demand deposits with financial institutions. Generally, the cash is available on demand and is subject to minimal market risk. The Company grants credit to franchisees. Accounts receivable from three, four and three franchise owners accounted for approximately 91%, 94% and 81% of receivables at December 31, 2020, 2019 and 2018. Revenues from two franchises accounted for approximately 48%, 47% and 45% of revenue for the years ended December 31, 2020 and 2019, and the period ended December 31, 2018.

Accounts receivable – Accounts receivable consist principally of amounts invoiced for franchise fees, advertising, materials, and supplies. The Company records an allowance for uncollectible receivables based on review of all outstanding amounts on a monthly basis and evaluation of the creditworthiness of its franchisees. For trade receivables, the Company generally does not require collateral from its franchisees. An allowance for doubtful accounts is recorded through charges to earnings in the form of a charge to bad debt expense. The Company periodically reviews and writes off an account receivable once it is determined that the account cannot be collected. Recoveries of accounts receivable previously written off are recorded into income when received in cash. There was no allowance for doubtful accounts as of December 31, 2020, 2019 and 2018.

Inventories – Inventories consist of supplies and materials held for sale to franchisees and are primarily comprised of printed materials, cups, service cards, uniforms, and other items that have the Oil Stop trademark, and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Intangible assets – Intangible assets consist of acquired and contributed franchise agreements and the Company's internally developed customer services proprietary software. The Company amortizes its finite lived intangible assets over seven to ten years using a straight-line method. The useful lives of these intangibles expire at various times through 2026. Amortization of intangible assets amounted to $194,000, $213,700 and $43,800 for the years ended December 31, 2020 and 2019, and the period ended December 31, 2018. The Company tests finite lived intangible assets whenever events or changes in circumstances indicate the carrying amount of the asset may be impaired. At December 31, 2020, the Company believes finite lived intangible assets are not impaired.

Under generally accepted accounting principles, costs associated with software developed for internal use are capitalized. Capitalized internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll, and payroll-related costs for employees who are directly associated with, and who devote time to, the project. Capitalization of these costs cease at the point at which the software is substantially complete and ready for its intended purpose. Proceeds received from the subsequent licensing of the software sold to franchisees are applied against the carrying value of the software or recorded in operations if the carrying value is zero.

	2020	2019	2018
Software	$ 707,000	$ 707,000	$ 700,000
Franchise agreements	388,000	396,100	407,500
	1,095,000	1,103,100	1,107,500
Less accumulated amortization	432,000	246,100	43,800
	$ 663,000	$ 857,000	$ 1,063,700

Estimated annual amortization expense for the:

Year ending December 31,	
2021	$ 191,500
2022	152,300
2023	115,500
2024	111,200
2025	86,200
Thereafter	6,300
	$ 663,000

Income taxes – As an LLC, the Company is treated as a pass-through entity for federal income tax purposes. Any income or loss is passed through the LLC and will be reported by the member for tax purposes. As a result, the Company does not record any provision for income taxes. The Company does not have any entity level uncertain tax positions. The Company is included in the income tax returns in the U.S. federal jurisdiction and California with its parent company. Generally, the consolidated tax returns are subject to examination by U.S. federal or state income tax authorities for three years from the filing of a tax return. Interest and penalty expenses are recorded as part of income tax expense.

Advertising – Advertising costs, primarily consisting of direct mailings, including production costs for television advertising, are expensed as incurred or when the commercials are initially aired, and were $1,070,900, $1,173,400 and $199,800 for the years ended December 31, 2020 and 2019, and the period ended December 31, 2018.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are available to be issued. The financial statements recognize the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. Subsequent events have been evaluated through March 23, 2021.

NOTE 3 – RELATED PARTIES

The Company receives franchise fees from and sells materials and supplies to Oil Stop owned franchises. Oil Stop also provides administrative services to the Company. Revenue recognized from Oil Stop and administrative expenses for the years ended and period ended December 31, were as follows:

	2020	2019	2018
Continuing franchise fees, net	$ 1,127,300	$ 1,097,700	$ 155,900
Sales of material and supplies	$ 69,200	$ 80,400	$ 12,300
Administrative expenses	$ 360,000	$ 360,000	$ 61,000

The Company is listed as a borrower of a promissory note payable by Oil Stop, which matures in October 2023. Principal payments of $227,500 and interest at LIBOR plus 3.5% are due quarterly with the remaining principal and unpaid interest due on maturity. The note is associated with Oil Stop's acquisition disclosed in Note 4. Oil Stop is required to meet certain covenants and is secured by substantially all of the assets of the Company. As of December 31, 2020, Oil Stop is in compliance with its covenants.

NOTE 4 – CONTRIBUTION OF ASSETS AND LIABILITIES

On October 31, 2018, Oil Stop acquired substantially all assets and assumed certain liabilities of Oil Stop, Inc., and contributed certain assets to the Company at their carrying value which was the fair value recognized in the acquisition. The following table summarizes the assets and liabilities contributed:

Assets acquired and contributed:		
Accounts receivable	$	351,200
Inventory		95,600
Software		700,000
Franchise agreements		407,500
Total assets acquired and contributed		1,554,300
Assumed accounts payable and accrued liabilities contributed		36,800
Net assets acquired and contributed	$	1,517,500

The fair value of the software was estimated by applying a cost approach. These fair value measurements are based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements. Key assumptions in valuing the software included (1) salaries of software development engineers, and (2) duration to develop the software.

The fair value of the franchise agreements was estimated by applying an income approach. These fair value measurements are based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements. Key assumptions in valuing the franchise agreements included (1) future cash received from the franchises over the life of the agreement, (2) supporting expense to maintain the franchises over the life of the agreement, and (3) a discount rate of 17%.

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EXHIBIT D

TABLE OF CONTENTS OF MANUAL

Section	**Approximate No. of Pages**
A. Introduction	20
B. Establishing an OIL STOP Business	40
C. Personnel	75
D. Office Procedures	75
E. Service Procedures	40
F. Selling OIL STOP Services	30
G. Advertising	30
TOTAL	310

EXHIBIT E

LIST OF FRANCHISEES

(Current as of our most recent fiscal year ended December 31, 2020)

California

TTL Automotive Enterprises, Inc.
8046 Orchard Loop Lane
Elk Grove, California 95624
(916) 967-0229

Change Central, Inc.
1109 Broadway Street
Eureka, California 5501

TTL Automotive Enterprises, Inc.
8101 Madison
Fair Oaks, California 95628
(916) 967-0229

TTL Automotive Enterprises, Inc.
301 W Kettleman Lane
Lodi, California 95240
(209) 368-9779

Ker's Gas & Lube, Inc.
212 North Gateway Drive
Madera, California 93637
(559) 675-6795

TTL Automotive Enterprises, Inc.
330 North Sunrise Avenue
Roseville, CA 95661
(916) 791-4400

Jayten L C
1375 Santa Rosa Avenue
Santa Rosa, California 95404
(707) 528-1000

Oregon

Oil Change Central, Inc.
2210 Ashland St
Ashland, Oregon 97520
(541) 201-0700

Brandon Dahl, Berto Villasenor and Jeff Hewitt
819 SE Mill Street
Grants Pass, Oregon 97526
(541) 210-1575
Not Open as of December 31, 2020

Oil Change Central, Inc.
64 Lozier Lane
Medford, Oregon 97501
(541)774-4245

Oil Change Central, Inc.
775 Medford Center
Medford, OR 97504
(541) 773-8580

EXHIBIT F

LIST OF FORMER FRANCHISEES

The name, city and state, and telephone number for all franchisees that had a franchise terminated, cancelled, not renewed or otherwise left the franchise system during the most recently completed fiscal year or have not communicated with us within 10 weeks of the date of this disclosure document is included below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Starr Capital, Inc.
4100 Sepulveda Blvd.
Torrance, California 90505
(310) 373-6399

EXHIBIT G

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Important Instructions: Auto Excellence LLC ("we," "us," or "our") and you are preparing to enter into a Franchise Agreement for the development and operation of an OILSTOP® Service Center (the "Service Center"). This document's purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents, and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

Name of Prospective Franchisee:____
("Franchisee")

Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us, our affiliates, the franchise system, the risks, burdens, and nature of the business Franchisee will conduct under the Franchise Agreement, the Service Center, and the Service Center's market area.
***Insert initials into the following blank to confirm this statement: ___**

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee's ability and efforts, the viability of the Service Center's location, competition from other quick lube automotive service centers, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.
***Insert initials into the following blank to confirm this statement: ___**

3. Each of the undersigned understands that we previously might have entered, and in the future we may enter, into franchise agreements with provisions different from the provisions of the Franchise Agreement for the Service Center.
***Insert initials into the following blank to confirm this statement: ___**

4. Each of the undersigned understands that:

4.1 We do not authorize our affiliates, or our or their respective officers, directors, or employees, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any OILSTOP® Service Center.
***Insert initials into the following blank to confirm this statement: ___**

4.2 We have specifically instructed our affiliates, and our and their respective officers, directors, and employees, that they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular OILSTOP® Service Center.

***Insert initials into the following blank to confirm this statement: ___**

5. Before signing the Franchise Agreement and any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the Franchise Agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisees; and (c) to investigate all statements and information made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the franchise system, the Service Center, and any other subject.

***Insert initials into the following blank to confirm this statement: ___**

6. Each of the undersigned understands that we and our affiliates may sell or transfer our assets, our trademarks, and/or the OILSTOP® franchise system outright to a third party; may go public; may engage in a private placement of some or all of our and our affiliates' securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

***Insert initials into the following blank to confirm this statement: ___**

7. The only state(s) in which each of the undersigned is a resident is (are): ____.

***Insert initials into the following blank to confirm this statement: ___**

8. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, this document, the Service Center, any lease or sublease for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

***Insert initials into the following blank to confirm this statement: ___**

9. Each of the undersigned understands and agrees that the Franchise Agreement contains an arbitration agreement which requires the submission of certain disputes to arbitration in accordance with the rules of the American Arbitration Association (or any successor thereto) and The Federal Arbitration Act.

***Insert initials into the following blank to confirm this statement: ___**

10. Each of the undersigned understands that, in the franchise relationship, we and Franchisee will be independent contractors. Nothing is intended to make either Franchisee or us (or any affiliate of ours) a general or special agent, joint venturer, partner, or employee of the other for any purpose. We (and our affiliates) will not exercise direct or indirect control over the Service Center's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, service, or the OILSTOP® brand. We (and our

affiliates) will not share or codetermine the terms and conditions of employment of the Service Center's employees or affect matters relating to the employment relationship between Franchisee and the Service Center's employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the Service Center's employees.
***Insert initials into the following blank to confirm this statement: ___**

****

______________________________	______________________________
(Signature)	(Signature)
______________________________	______________________________
(Name Printed)	(Name Printed)
______________________________	______________________________
(Date)	(Date)

EXHIBIT H

STATE ADDENDA

CALIFORNIA STATE ADDENDUM

The following are additional disclosures for the disclosure document of Auto Excellence LLC required by the State of California. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the California franchise registration and disclosure law are met independently without reference to these additional disclosures.

1. 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.

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

3. OUR WEBSITE, www.oilstopinc.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The following language is added at the end of Item 3:

Neither we, 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. Sections 78a et seq., suspending or expelling such person from membership in that association or exchange.

5. The following paragraphs are added at the end of Item 17:

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

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires binding arbitration at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed (currently Petaluma, California). You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue.

You must sign a general release of claims if you renew or transfer the franchise. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

EXHIBIT I

SAMPLE GENERAL RELEASE

The following is our current general release language that we expect to include in a release that a franchisee, and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

RELEASE LANGUAGE

Each of the Franchisee Parties, on behalf of themselves and their respective successors, assigns, heirs and personal representatives, all other persons acting on their behalf or claiming under them and all entities in which the Franchisee Parties have or had an ownership interest (individually, collectively or in any combination, the "**Releasing Franchisee Parties**"), hereby release and forever discharge Auto Excellence LLC ("**Auto Excellence**"), its current and former affiliates, parents, subsidiaries and related entities, and its and their respective current and former officers, directors, shareholders, owners, employees, predecessors, successors, attorneys, agents, representatives and assigns (individually, collectively or in any combination, the "**Released Auto Excellence Parties**"), from any and all suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character, and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, which any or all of the Releasing Franchisee Parties now own or hold or have based on any transaction, event or circumstance at any time heretofore owned or held, or may at any time own or hold against any or all of the Released Auto Excellence Parties, arising prior to and including the Effective Date of this Release (the "**Released Claims**"). The Releasing Franchisee Parties acknowledge and agree that they may in the future learn of facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this paragraph, but that nonetheless, it is the intention of the Franchisee Parties to fully, finally, and forever settle and release all of the Released Claims.

The Releasing Franchisee Parties waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

> **A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

State Effective Dates

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

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

State	Effective Date
California	Pending

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

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 Auto Excellence 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.

If Auto Excellence 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 appropriate state agency identified in Exhibit A.

The franchisor is Auto Excellence LLC located at 5330 Old Redwood Highway, Suite C, Petaluma, California 94954. Its telephone number is (707) 586-2047.

The franchise sellers for this offering are Gary Woo at 5330 Old Redwood Highway, Suite C, Petaluma, California 94954, (707) 586-2047, and: _________________________*{complete only if applicable}*.

Issuance Date: April 23, 2021

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states. I received a disclosure document from Auto Excellence LLC dated April 23, 2021 that included the following Exhibits:

Exhibit A	State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Financial Statements
Exhibit D	Table of Contents of Manual
Exhibit E	List of Franchisees
Exhibit F	List of Former Franchisees
Exhibit G	Franchisee Disclosure Questionnaire
Exhibit H	State Addenda
Exhibit I	Sample General Release

Date	Prospective Franchisee [Print Name]
(Date, Sign, and Return to Us)	Prospective Franchisee [Signature]

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Date	Prospective Franchisee [Print Name]
(Date, Sign, and Keep for Your Own Records)	Prospective Franchisee [Signature]