

## FRANCHISE DISCLOSURE DOCUMENT

Gimex Properties Corp., Inc.  
a Delaware corporation  
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Toledo, Ohio 43617  
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[franchising@tuffy.com](mailto:franchising@tuffy.com)  
[www.tuffy.com](http://www.tuffy.com)



The franchise business will sell and service automotive exhaust systems, brakes, front end, steering and suspension, alignment, air conditioning, engine diagnostics, batteries, tires and other automotive products and services. You may purchase a single franchise or an area development franchise.

The total investment necessary to begin operation of a Tuffy franchise is from \$222,000 - \$723,500. This includes from \$37,500 to \$80,000 that must be paid to the franchisor or an affiliate. If you purchase an area development franchise you must pay an additional area development fee that will be negotiated based on the number of franchises to be developed and the development schedule, but you will only pay an initial franchise fee of \$5,000 for each franchise developed.

This disclosure document summarizes certain provision 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 to you. To discuss the availability of disclosures in different formats, contact Fernanda Ramirez at: 100 Hillside Ave. White Plains, NY 10603; (914) 984-2500 Ext. 5701

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 our 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](http://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 30, 2025.

## How to Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 K and L.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit M includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Tuffy business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Tuffy franchisee?</b>	Item 20 or Exhibits K and L list current and former franchisees. You can contact them to ask about their experiences
<b>What else should I know?</b>	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 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 litigation only in Ohio. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Ohio than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

## NOTICE UNDER MICHIGAN'S FRANCHISE INVESTMENT LAW

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
4. A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (1) the term of the franchise is less than five (5) years and (2) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of Franchisor's intent not to renew the franchise.
5. A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - a. the failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards;
  - b. the fact that the proposed transferee is a competitor of the Franchisor or sub-Franchisor;

c. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

d. the failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor the right of first refusal to purchase the assets of a franchisee on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subsection 3.

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

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED (\$100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

ANY QUESTIONS REGARDING THIS NOTICE MAY BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE, 670 LAW BUILDING, LANSING, MICHIGAN 48913, TELEPHONE (517) 373-7117.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT N TO THIS FRANCHISE DISCLOSURE DOCUMENT.

## EXHIBITS

- A LIST OF STATE ADMINISTRATORS
- B LIST OF AGENTS FOR SERVICE OF PROCESS
- C LICENSE AGREEMENT  
LEGAL ENTITY FORM (APPENDIX B TO LICENSE AGREEMENT)  
GUARANTY AND SUBORDINATION AGREEMENT (APPENDIX C TO LICENSE AGREEMENT)  
DISCLOSUREACKNOWLEDGEMENT STATEMENT (ATTACHED TO LICENSE AGREEMENT)
- D ADDENDUM TO LICENSE AGREEMENT - RENEWAL
- E ADDENDUM TO LICENSE AGREEMENT - TRANSFER
- F AREA DEVELOPMENT AGREEMENT
- G LICENSE TERMINATION AND MUTUAL RELEASE AGREEMENT
- H SUBLEASE
- I LEASE ADDENDUM
- J TABLE OF CONTENTS OF OPERATIONS MANUAL
- K LIST OF FRANCHISES AND COMPANY OWNED UNITS
- L LIST OF FRANCHISEES THAT HAVE RECENTLY LEFT THE SYSTEM
- M FINANCIAL STATEMENTS
- N STATE SPECIFIC DISCLOSURES AND STATE SPECIFICA ADDENDA TO AGREEMENTS
- O STATE EFFECTIVE DATES AND RECEIPTS

APPLICABLE STATE LAW MAY REQUIRE CHANGES TO THE LICENSE AND OTHER AGREEMENTS. THESE CHANGES, IF ANY, ARE CONTAINED IN THE STATE SPECIFIC ADDENDA TO AGREEMENTS INCLUDED IN EXHIBIT N TO THIS FRANCHISE DISCLOSURE DOCUMENT.

## **ITEM 1--THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

### The Franchisor

The Franchisor is Gimex Properties Corp., Inc., doing business as Tuffy Corporate Office. In this Franchise Disclosure Document, the Franchisor will be referred to as “we,” “us,” or “Gimex” and the person who buys the franchise will be referred to as “you.” If the prospective franchisee is a corporation, partnership, limited liability company or other entity, “you” will mean the entity and the owners of the entity.

We are a Delaware corporation, incorporated on June 11, 1991. Effective April 1, 2016, we acquired substantially all of our assets, including the Tuffy trademarks and franchise agreements, from Tuffy Associates Corp. We had some assets but we were not actively operating before the acquisition. We do business as T.A.C., Tuffy, Tuffy Tire & Auto Service, Tuffy Auto Service Centers, and Tuffy Service Centers. Our principal business address is 7071 W. Central Avenue, Suite C, Toledo, Ohio 43617. Our agents for service of process are disclosed in Exhibit B.

### Parents, Predecessors and Affiliates

Our ultimate parent company is Metis HoldCo, Inc. We have the following intermediate parent companies: Metis Buyer, Inc.; Mavis Tire Express Services TopCo Corp.; Mavis Tire Express Services Holding Corp.; Mavis Tire Express Services Intermediate Corp.; Mavis Tire Express Services Corp.; Tire Holding, Inc.; Mavis Tire Holdings LLC; Mavis Tire Supply LLC; and Mavis Southeast LLC. All of our parent companies are Delaware entities. The principal business address of our parent companies is 7071 W. Central Avenue, Suite C Toledo, OH 43617.

Our predecessor, Tuffy Associates Corp., was incorporated in Delaware on January 16, 1986. Tuffy Associates Corp. was in the business of franchising Tuffy franchises from 1986 until March 31, 2016. Tuffy Associates Corp. operated Tuffy businesses from 1986 through 2021. The principal business address of Tuffy Associates Corp. is 79 River Bluff Dr., Hayesville, North Carolina 28904.

On July 8, 2002, our former affiliate, CXAC, Inc., formerly known as Car-X Associates Corp. (“CXAC”), purchased the rights to the Car-X franchise system. Car-X stores operate a business substantially similar to the business of a Tuffy franchise. CXAC offered and sold franchises for Car-X Stores until April 26, 2015 when CXAC sold the rights to the Car-X franchise system to Monro Muffler Brake, Inc. CXAC no longer has the right to offer or sell franchises for Car-X stores; however, after the sale CXAC continued to operate a number of Car-X stores under a license agreement with Monro Muffler Brake, Inc. until December 2015. Those Car-X stores were then transferred to Tuffy Associates Corp. and CXAC is no longer actively operating. The Car-X stores operated by Tuffy Associates Corp. were transferred to us on March 31, 2016. We no longer operate any Car-X stores. The principal business address of CXAC is 79 River Bluff Dr., Hayesville, North Carolina 28904.

Our affiliate, Mavis Tire Supply, LLC d/b/a Mavis Discount Tire, operates Tuffy businesses similar to the businesses being franchised. Mavis Tire Supply, LLC is a Delaware limited liability company. Its principal business address is 7071 W. Central Avenue, Suite C Toledo, OH 43617.

Our affiliate, Express Oil Change Franchise, LLC ("EOC"), offers franchises for Express Oil Change and Tire Engineers retail automotive service centers ("EOC/TE Centers") and operates company owned EOC/TE Centers. The principal business address of EOC is 1880 Southpark Drive, Birmingham, Alabama 35224. An EOC/TE Center is similar to the business operated by our franchisees.

Except as described above, we do not currently have any affiliates that offer franchises in any line of business. We do not have any affiliates that provide products or services to our franchisees.

### Franchisor's Business

We offer and sell Tuffy franchises, which are described below. We also operate automotive service centers that are the same or similar to Tuffy franchises ("company owned units") and we may sell or lease real estate, inventory, equipment, products and supplies to our franchisees.

### The Tuffy Franchise

The Tuffy franchise is a retail automotive specialty center that sells and services automotive exhaust systems, brakes, front end, steering and suspension, alignment, air conditioning, engine diagnostics, batteries, tires and other automotive products and services. A Tuffy retail automotive specialty center will sometimes be referred to in this FDD as a "Tuffy Auto Service Center." The Tuffy franchise will operate under the Tuffy trademarks, which are described in Item 13 of this Franchise Disclosure Document ("Tuffy trademarks"). Most new Tuffy franchises are using the "Tuffy Tire & Auto Service" name, although the majority of existing Tuffy franchises operate under the "Tuffy Auto Service Center" name. The Tuffy franchise will operate in accordance with our specifications ("Tuffy system"). You acquire the right to operate a Tuffy franchise by signing our standard License Agreement (see Exhibit C).

If you are renewing your Tuffy franchise, you may sign our current standard License Agreement as well as a Renewal Addendum (see Exhibit D). The Renewal Addendum modifies some of the provisions of the standard License Agreement to reflect your status as an existing franchisee. If you acquire an existing Tuffy franchise by transfer from another franchisee, you will sign our standard License Agreement as well as a Transfer Addendum (see Exhibit E). The Transfer Addendum modifies some of the provisions of the standard License Agreement to reflect the fact that you are acquiring an open and operating Tuffy franchise.

The market for auto service businesses in some areas is developed. You will generally sell your products and services to vehicle owners in your market area. We have negotiated and established a List of Fleet Accounts. These Fleet Account customers put us on a preferred network listing to have their vehicles serviced at Tuffy locations.

The auto service business is highly competitive. You may compete with other businesses performing similar services, including numerous national franchise programs similar to ours, automobile dealerships and automobile tire and repair centers.

## Area Development Franchises

If you desire to open a number of Tuffy franchises within a particular area, we may enter into an Area Development Agreement with you (see Exhibit F). The Area Development Agreement requires the franchisee ("area developer") to open a specified number of Tuffy franchises in a specified area within a specified time period. The area developer must sign a separate License Agreement for each Tuffy franchise developed and operated under the Area Development Agreement. Each License Agreement signed by the area developer will be on the form of License Agreement in use by us at the time of signing, which may be different than the form of License Agreement included in this Franchise Disclosure Document.

## Prior Business Experience

We have conducted a business similar to the type operated by our franchisees since April 1, 2016. Our predecessor, Tuffy Associates Corp., operated businesses similar to the type operated by our franchisees from October 1986 through December 27, 2021. We have offered Tuffy franchises since April 1, 2016 and Tuffy Associates Corp. offered Tuffy franchises from April 1986 to March 31, 2016. We have not offered franchises in other lines of business. CXAC conducted a business similar to the type operated by our franchisees from July 8, 2002 until December 2015, and offered Car-X franchises from July 8, 2002 to April 26, 2015. CXAC has not offered franchises in any other line of business.

Our affiliate, EOC, has operated and offered franchises for EOC/TE Centers since April 2018. EOC's predecessors operated EOC/TE Centers from 1979 to April 2018 and offered franchises for EOC/TE Centers from June 1984 to April 2018. The EOC/TE Center is a retail automotive service business specializing in quick oil change and lubrication, transmission service, air conditioning service, brake service, tune-ups, and tire sales and service. As of December 31, 2024, EOC had 28 operating EOC/TE Center franchises and 353 company- owned EOC/TE Centers.

## Industry Regulations

There are a number of regulations specific to the industry in which Tuffy franchises operate. Federal Environmental Protection Agency (EPA) regulations prohibit tampering with emission control systems in automobiles. These regulations prohibit disconnecting and altering the emission control systems or informing customers how to disconnect or alter the systems or supplying parts to disconnect the systems. Federal EPA regulations require that air conditioning service be performed by licensed technicians and also require recordkeeping regarding the use of freon. Federal EPA regulations require that tires be recycled following specific guidelines for storage, disposal, customer charges for this service and recordkeeping. In addition, there are Federal EPA and State regulations on the use and disposal of lead wheel weights. The Federal EPA also regulates the disposal of oil, oil filters and other automotive fluids. The Occupational Health and Safety Administration (OSHA) develops and enforces occupational safety and health standards that will apply to your business. OSHA has issued a "Hazardous Communications" rule, which deals with the usage of hazardous chemicals. You must maintain a Material Safety Data Sheets (MSDS) binder at your location that will contain information about the chemicals used in your business. Some state regulations impose requirements in addition to the requirements imposed under federal regulations. For example, state laws may require licensed technicians to provide certain services or may establish more stringent regulations relating to emission systems or air conditioning servicing.

You must ensure compliance with the Payment Card Industry Data Security Standard Requirements and Security Assessment Procedures and other applicable payment card industry requirements (“PCI Requirements”). The purpose of the PCI Requirements is to ensure the protection and privacy of customer information and credit card numbers. The PCI Requirements require secured data connections and other steps to protect information. The PCI Requirements are substantial and complex and change regularly, so you must devote material business and management time and effort to your compliance efforts. You could incur significant liability if there is credit card fraud and you have not complied with the PCI Requirements.

There may be other regulations applicable to your business and we urge you to make inquiries about the described regulations and other regulations that may impact your business.

## **ITEM 2--BUSINESS EXPERIENCE**

### **David J. Sorbaro; Director**

Mr. Sorbaro has been a director of Gimex since December 27, 2021. Mr. Sorbaro has been Co-CEO of Mavis Tire Express Service Corp. in Millwood, New York since 2012.

### **Victor S. Sorbaro; Director**

Mr. Sorbaro has been a director of Gimex since December 27, 2021. Mr. Sorbaro has been Co-CEO of Mavis Tire Express Service Corp. in Millwood, New York since 2012.

### **Jimmie L. Wade; Director**

Mr. Wade has been a director of Gimex since December 27, 2021. Mr. Wade was a Director of LL Flooring of Richmond, Virginia from September 2011 to May 2021.

### **Maryellen Rideout; Vice President**

Ms. Rideout has been Vice President of Gimex since February 2024. Ms. Rideout was Sr. Director National Accounts for TBC Corporation in Palm Beach, Florida from April 2022 to January 2024. Ms. Rideout was Director Fleet Sales and Operations Franchise in Palm Beach, Florida from August 2017 to April 2022.

### **Barry Unrast; Director of Marketing**

Mr. Unrast has been director of Marketing for Gimex since April 1, 2016. Mr. Unrast was employed by Tuffy Associates Corp. from May 2003 to March 31, 2016, holding the following positions: Director of Marketing from August 3, 2015 to March 31, 2016; Advertising Executive from January 1, 2008 to August 3, 2015; and Advertising Account Representative from May 29, 2003 to January 1, 2008.

### **Scott Adams: Director of Franchise Operations and Training**

Mr. Adams has been Director of Franchise Operations and Training of Gimex since March 1, 2022. Prior to that, Mr. Adams was a District Manager of Gimex from April 8, 2002 to February 28, 2022.

### **ITEM 3--LITIGATION**

No litigation is required to be disclosed in this Franchise Disclosure Document.

### **ITEM 4--BANKRUPTCY**

No bankruptcies are required to be disclosed in this Franchise Disclosure Document.

### **ITEM 5--INITIAL FEES**

You must pay an initial franchise fee of \$30,000 at the time of signing your License Agreement. If you have not signed a lease or sublease or purchased the real estate for an approved franchise location within 12 months of the signing of the License Agreement, then, for a period of 30 days after the end of the 12 month period, we or you may terminate the License Agreement by written notice. If the License Agreement is terminated within the 30 day period, you will be entitled to a refund of the portion of the initial license fee paid by you in excess of \$10,000 (e.g. if you pay a \$30,000 license fee, you will receive a refund of \$20,000), but only if you sign a License Termination and Mutual Release Agreement in the form specified by us (see Exhibit G). You will not be entitled to a refund of any portion of the initial license fee under any other circumstances.

Except as provided above, the initial franchise fee is not refundable after the signing of the License Agreement.

Under our current policies, we do not charge an initial franchise fee or a renewal fee when you renew your franchise. If you acquire an existing Tuffy franchise by transfer from another franchisee, you will not pay an initial franchise fee. However, you must pay a transfer fee. The transfer fee under our current License Agreement is 50% of the initial franchise fee being charged by us at the time of the transfer. We charge a reduced initial franchise fee to existing franchisees that open additional Tuffy franchises. However, we may change this policy in the future. Currently, we charge an initial fee of \$25,000 for a second Tuffy franchise, \$20,000 for a third Tuffy franchise, \$15,000 for the fourth Tuffy franchise; and \$10,000 for the fifth or more Tuffy franchises. We also may charge reduced initial franchise fees to our and our affiliates' employees or former employees. You may pay a reduced initial franchise fee if you purchase a Tuffy franchise from us or an affiliate. All reduced fees must be paid in full at the time of signing the License Agreement. As described below, an area developer pays a reduced initial franchise fee for each Tuffy franchise opened under an Area Development Agreement. Under an agreement with the former owners of our predecessor, the former owners may pay a reduced initial fee for franchises opened in specified areas. Except for the reduced fees described above, all new franchisees pay the same initial franchise fee.

You must also pay an initial advertising fee of \$3,000 to \$15,000. This fee will vary from \$3,000 to \$15,000 at our discretion depending on the size and media offerings of the market in which your franchise is located. You must pay this fee before you begin the initial training program. We will not refund this fee. All franchisees must pay this fee, except we do not always require franchisees that own more than one franchise, or that convert a competitive business to a Tuffy franchise, to pay the fee. Also, if you are renewing your franchise or you are acquiring an existing Tuffy franchise by transfer, we may charge a reduced initial advertising fee. The initial advertising fee will be used to promote your franchise business.

The initial fee paid by an area developer is negotiated, depending on the number of Tuffy franchises to be developed and the time period for that development. We will generally propose an initial area development fee equal to 25% of the total initial franchise fees that would be payable for the number of Tuffy franchises that must be opened (for example, if 10 Tuffy franchises must be opened, the initial area development fee is .25 x 10 x \$30,000, or \$75,000). We will not refund the initial area development fee. An area developer must also pay an initial franchise fee in the amount of \$5,000 for each Tuffy franchise opened under the area development agreement.

If we or an affiliate lease or sublease the franchise location to you, you may pay us or our affiliate a security deposit and the first month's rent before opening for business. We estimate that the deposit and first month's rent will range from \$4,500 to \$35,000. We will not refund any of the amounts referred to in this paragraph.

#### ITEM 6--OTHER FEES

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty	2.5% of gross sales for the first 180 days of operation of a new franchise; otherwise 5% of gross sales <sup>(2)</sup>	Wednesday of each week	Gross sales include all revenue, regardless of form of payment, except sales tax.
Advertising Fund Contribution	5% of gross sales <sup>(2)</sup>	Wednesday of each week	
Cooperative Advertising	Varies	20 <sup>th</sup> day of each month	Currently, no cooperatives impose fees that exceed required advertising fund contributions. <sup>(3)</sup>
Additional Training	To be determined <sup>(4)</sup>	Before additional training	You may be required to attend and pay a reasonable fee for additional training programs.
Lease Payments	\$7,500 to \$17,000 per month <sup>(5)</sup>	Monthly on the day specified in the sublease	
Transfer Fee	50% of the initial franchise fee being charged by us at the time of the transfer	Before closing of the transfer	Paid when you transfer the franchise or a controlling interest in the franchisee.
Maintenance and Repairs	Actual cost to us	On receipt of billing	If you fail to maintain your franchise location, we may do so at your expense.

<b>Type of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Insurance <sup>(6)</sup>	\$4,000 to \$10,000 annually	As incurred	Some of these fees may be paid to us. See Item 8. Otherwise, these fees are paid directly to the insurance company.
Late charges and NSF fees	1.5% per month for late charges; NSF fees equal to amount charged by our bank and additional reasonable administrative fees	On receipt of our invoice	These charges must be paid on all overdue amounts and NSF payments.
Preparation of monthly P&L's and balance sheets	\$335 to \$585 per month	30 <sup>th</sup> day of each month	We may require that you have monthly P&L's and balance sheets prepared by an accounting services company designated by us.
Audit	Cost of audit <sup>(7)</sup>	On receipt of our invoice	This cost must be paid if an audit shows an understatement of at least 2% for any reporting period or if the audit is necessary because of your failure to provide required information.
Audit surcharge	25% of underpayment	On receipt of our invoice	You must pay this charge if an audit shows any underpayment.
Indemnification	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise.
Costs and attorney fees	Will vary under circumstances	As incurred	You must pay our costs if we must take action to enforce your obligations to us.
Testing	Cost of testing <sup>(8)</sup>	On receipt of our invoice	This covers the cost of testing new products or inspecting new suppliers you propose.

## Notes to Item 6 Table

- (1) Except as noted, all fees are imposed by and payable to us. Except as may be described below, all fees payable to us are uniform as to franchises being offered as of the date of this Franchise Disclosure Document. All fees are non-refundable. You must pay your fees by electronic funds transfer. All fees paid to us will be allocated in the manner chosen by us.
- (2) The reduced royalty for the first 180 days of operation only applies to newly developed franchises and does not apply to a renewal or a transfer of an existing franchise. You only have to pay a royalty of 1% and an advertising fund contribution of 1% on gross sales arising from the sale of tires and/or batteries. In some markets we have authorized special advertising arrangements that result in the franchisees in those markets contributing less than 5% of gross sales to the advertising fund. Occasionally, we may grant a franchisee the right to test market new products and services for a limited time and to pay a reduced royalty and advertising fund contributions on gross sales related to those products and services. We may allow a franchisee that purchases a Tuffy franchise from us or an affiliate to pay a temporary reduced royalty. If you convert a competitive business to a Tuffy franchise, we may offer you a temporary reduced royalty. This reduction is within our discretion and is based on your knowledge, experience and financial ability. We may change these policies. Under an agreement with the former owners of our predecessor, the former owners pay a reduced royalty for franchises opened in specified areas.
- (3) An advertising cooperative may impose additional advertising fees by a majority vote of the franchisees in the cooperative. Under current policies, company owned units in a cooperative do not participate in decisions to impose additional advertising fees.
- (4) We do not currently charge any fees for additional training.
- (5) We or an affiliate may lease or sublease the franchise location to you. Market conditions will control the amount of the lease or sublease payments. If we or our affiliate sublease the location to you, the rent will be marked-up to cover administrative costs and other expenses we or our affiliate may have incurred. Lease payments can vary greatly depending on the age, size and condition of the building and the local real estate market. The estimates in the table are based on the range of rents paid to us and our affiliates in 2024.
- (6) See Item 8 for a description of the types and amounts of insurance you must purchase. This figure does not include workers compensation insurance, which can vary greatly from state to state and depending on payroll costs.
- (7) A typical audit costs approximately \$3,000.
- (8) It has not been necessary yet for us to charge a franchisee for the cost of testing a product.

## ITEM 7--ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>(1)</sup>	\$30,000	Lump sum	Signing of License Agreement	Us
Signs <sup>(2)</sup>	\$10,000 - \$45,000	As agreed	Before opening as incurred	Third parties
Equipment and Furniture <sup>(3)</sup>	\$145,000 - \$200,000	As agreed	Before opening as incurred	Third parties
Leasehold Improvements <sup>(4)</sup>	\$0 - \$300,000	As agreed	Before opening as incurred	Third parties
Lease Deposit and First Month's Rent <sup>(5)</sup>	\$7,000 - \$35,000	Lump sum	As specified in Lease or Sublease	Us, our affiliates, or third parties
Initial Inventory <sup>(6)</sup>	\$3,000 - \$10,000	As agreed	See note 5	Third parties
Initial Advertising Fee <sup>(7)</sup>	\$3,000 - \$15,000	Lump sum	See Item 5	Us
Travel and Living Expenses While Training	\$1,000 - \$3,500	As incurred	During training	Third parties
Miscellaneous Pre-Opening Expenses <sup>(8)</sup>	\$13,000 - \$35,000	As incurred	As incurred	Third parties
Additional Funds <sup>(9)</sup> – 3 months	\$10,000 - \$50,000	As incurred	As incurred	Us and third parties
<b>Total Estimated Initial Investment</b> <small>(10)(11)(12)(13)</small>	<b>\$222,000 - \$723,500</b>			

#### Notes to Item 7 Table

(1) We will refund a portion of the initial franchise fee under certain circumstances and will reduce the initial franchise fee in certain situations, including the purchase of additional franchises by existing franchisees. Also, area developers pay a reduced franchise fee for each franchise opened under the area development agreement. See Item 5 for an explanation of those situations.

(2) This estimate includes installation and delivery of the signs. You may include this expense in a finance or lease package if you finance a portion of your initial investment.

(3) The equipment includes hoists, air compressors, a computer vehicle scanner, brake lathe and accessories, computer aligner and accessories, air conditioning equipment, digital battery electrical tester, recycler and starter kit, fluid exchange equipment, tire equipment, storage racks, torch equipment, specialty tools, grinders, hand tools, computer and software, and point of sale equipment. The cost varies, depending on the size of the franchise location and the type of equipment selected. Office and waiting room furnishings include a desk, chairs, tables, telephones and miscellaneous supplies. You may include this expense in a finance or lease package if you finance a portion of your initial investment.

(4) The cost of leasehold improvements may vary considerably depending on the size, physical condition, former use, and location of the premises and the amount of the costs, if any, a landlord may be willing to assume (however, if the landlord assumes costs, you will probably pay a higher rent for the location).

(5) You will probably rent the necessary land and building for your franchise location. This rental amount does not include all expenses you will incur in leasing your franchise location. For example, you will also be responsible for real estate taxes, building insurance and any applicable state sales tax, which you generally must pay into an escrow account on a monthly basis in addition to your rent. The rent for an existing building may be less expensive. The square footage of a building for a Tuffy franchise will range between 3,500 to 6,000 square feet. Your rent may be subject to escalation clauses based on inflation, increased costs of construction, etc. The annual rent amount will vary significantly depending on the condition, location and size of the building and the demand for the building among prospective tenants. Leasehold improvements will almost always be included in your lease, so the table does not include our estimate for that expense.

Your initial investment will be much greater if you purchase real estate and construct your franchise location.

(6) The cost of your inventory will vary depending on the approved supplier you choose, the size of your Center, whether you elect to stock tires, etc.

(7) We use this fee for grand opening advertising or other initial advertising for your franchise. You must pay this fee before you begin the initial training program. This fee will vary from \$3,000 to \$15,000, depending on the size and media offerings of the market in which your franchise is located. The initial advertising fee will not be waived or reduced. See Item 5.

(8) These expenses include miscellaneous opening expenses, including installation of telephones, deposit for gas, electricity and related items, workers compensation insurance deposit, business licenses, legal and accounting expenses, insurance premiums, supplies, shop floor sealant, etc.

(9) This category covers expenses you will incur during the three-month initial phase of your franchise. These expenses include royalty and advertising fund contributions, insurance premiums, advertising expenses, additional expenditures for initial local advertising, payroll costs, additional inventory and supplies, etc. These figures are estimates and we cannot guaranty that you will not have additional expenses starting the business. Your costs during this initial phase will depend on factors including: how much you follow our procedures; your management skill, experience and business abilities; local economic conditions; the local market for your products; the prevailing wage rate; competition; and the sales level reached during this initial phase. We relied on our and our affiliates' experience in developing and operating similar businesses in formulating the amount required for Additional Funds.

(10) We relied on our and our affiliates' years of experience in the business and our and our affiliates' extensive experience in opening franchises and operating company owned units to compile these estimates. You should, of course, review these figures carefully with a business advisor before making any decision to purchase the franchise.

(11) Except as noted, none of the payments to us are refundable. The refundability of payments to third parties is determined by your agreements with those parties.

<sup>(12)</sup> We do not offer any direct financing for any part of your initial investment. You may finance a portion of your initial investment with a third party. The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have and lending policies of financial or leasing institutions.

<sup>(13)</sup> The initial investment described in this Item 7 relates to the development of a new location. If you are renewing your franchise for an existing unit, you will not incur most of the expenses referenced in this Item 7. However, you may be responsible for remodeling or upgrading your franchise and any related expenses. If you are acquiring an existing franchise by transfer, in addition to the price you negotiate for the purchase of the franchise, you will be responsible for the transfer fee (see Item 6) and you may be responsible for remodeling or upgrading the franchise and any related expenses.

<sup>(14)</sup> Area developers will incur the expenses listed above for each franchise developed under the area development agreement. An area developer generally will not incur any additional expenses in connection with entering into an area development agreement except for possibly additional legal and accounting expenses incurred for reviewing and negotiating the area development agreement.

Our estimate of your initial investment to develop a Center is described in the table and notes above. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three month phase after the opening of your franchise. The estimate does not include an owner's salary or draw. The estimate also does not include cash requirements to cover operating losses or owner's draw after the initial three month phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates above also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise.

Your actual investment may vary depending on local conditions peculiar to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; whether you are converting existing premises and whether in the same business; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

## **ITEM 8--RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We may require you to lease or sublease your franchise location from us or a person affiliated with us. We do not currently require you to lease or sublease your franchise location from us or an affiliate. We lease locations for some franchised businesses. If you acquire one of those businesses, you will sublease your franchise location from us and you must generally sign our standard sublease (see Exhibit H). Generally, if we sublease the franchise location to you, we will mark-up the rent we are paying for the location (see Item 6).

We may require you to purchase invoices, estimate forms, or other forms from us. We do not currently require that you purchase any forms from us. You must purchase those forms from a specified third party. We may require you, at your expense, to have monthly P&L's and balance sheets prepared on our format by an accounting services company specified by us, which may be our auditing firm.

If you do not lease or sublease the franchise location from us or an affiliate, your lease must be approved by us and must include our standard lease addendum (see Exhibit I). In addition, your franchise location must be constructed or improved in accordance with our specifications.

You must purchase the signs, equipment, computer hardware and software, fixtures and furnishings for your franchise in accordance with our specifications and only from approved suppliers or manufacturers. We maintain lists of these specified items and suppliers in our office and will deliver a list of recommended equipment and suppliers for your franchise to you during the development of your franchise. You must purchase these items from a supplier designated by us if we participate in your financing of these items (See Item 10).

You must purchase the products and inventory necessary for operation of your franchise in accordance with our specifications and only from approved suppliers. Our Operations Manual contains a list of approved products and suppliers. We will issue approval or disapproval or notification of revocation of approval of products or suppliers to you in memos, bulletins, or our Operations Manual. If we have not specified a manufacturer or a supplier for a product included on our list of approved products, you may purchase that product from any supplier if the product meets our specifications for quality. We do not provide material benefits to franchisees based on a franchisee's use of designated or approved sources.

Our specifications for products and suppliers and supplier approval stress quality, uniformity and price and include standards for quality, performance, safety, uniformity, availability, reporting of shipments, support from the supplier, and other relevant standards that we establish. We formulate and revise our specifications based on our knowledge and experience in the industry as well as the testing of products and equipment. We do not issue these specifications to our franchisees. We approve products based on the ability of the products to meet or exceed our specifications. We approve suppliers based on the demonstrated ability of the supplier to consistently furnish products or services that meet or exceed our specifications.

You may request to have a product or supplier authorized by us. The request must be in writing and must include information about the product or supplier and a contact person at the manufacturer or supplier that we can contact for information. We will attempt to notify you of our decision within 90 days of the date of your request. We have the right to charge you a reasonable fee to cover the costs that we incur in making this determination. We also reserve the right to limit the total number of approved products and/or suppliers.

You must purchase or are responsible for insurance coverage that we specify in the amounts that we specify. If we lease or sublease your location to you, we will usually acquire the insurance in the following table, but in some cases the landlord under the prime lease will acquire the insurance (for example, if the location is part of a strip center). In either case, under the terms of the lease or sublease, you will be responsible for the cost of the insurance and any deductibles. If you do not lease or sublease your location from us, you must directly acquire the insurance in the following table (other than the Loss of Rents and Lessor's Risk Insurance).

Building Insurance	100% of replacement value (replacement value will be determined by Sublessor and/or the prime landlord)
Public Liability & Property Damage Insurance	
Personal Injury Liability	The amount required under the prime lease for the location (currently up to \$3,000,000) but not less than \$1,000,000
Property Damage Liability	The amount required under the prime lease for the location (currently up to \$3,000,000) but not less than \$1,000,000
Fire and Extended Coverage (Insuring the building and improvements, landscaping)	100% of full replacement value (replacement value will be determined by us and/or the prime landlord)
Loss of Rents Insurance	100% of the rent under the prime lease for one year
Lessor's Risk	The amount required under the prime lease, but not less than \$1,000,000
Environmental Liability	The amount required under the prime lease but not less than \$1,000,000 per occurrence, \$3,000,000 aggregate (for all locations insured by us); this is a three year policy

In addition to the insurance in the preceding table, you must directly acquire the insurance in the following table, whether or not you lease or sublease your location from us.

*Comprehensive General Liability	\$1,000,000 combined single limit; bodily injury and property damage
*Garage Liability	\$1,000,000 limit per occurrence/aggregate
*Automobile Liability	\$1,000,000 combined single limit, bodily injury and property damage, non-owner hire auto
*Garage Keeper's Legal Liability	\$100,000 limit
Business, Personal Property, Equipment, Stock, Inventory, Signage Plate Glass Coverage	At replacement cost Needs to be included and shown on certificate
Business income and extra expense for minimum of 6 months	50% of annual gross revenues but not less than \$300,000
Worker's Compensation *Employer's Liability *Employer's Stop Gap Liability	In compliance with your state's laws, show limits (If applicable; i.e. Ohio)
Any other insurance coverage required under the prime lease	

In each policy listed above designated by an asterisk (\*), we and the landlord under the prime lease and the prime landlord's mortgagee (if applicable) must be named as additional insureds. You may incur an additional cost for naming additional insureds. Also, each policy must require 60 days notice to us before the policy is canceled or changed. For each insurance policy

that you directly acquire, you must provide us with certificates of insurance (on the standard Accord form) in the amounts and with the coverages specified above. The insurance must be issued by insurance providers rated A-7 or better by Best's Insurance Review. Certificates for the insurance you directly acquire must be initially provided to us at least ten days before the opening of your franchise. Certificates of renewal must be provided to us no later than ten days before the expiration date of each policy. If you do not provide us with certificates of any insurance policies at any due date, we may purchase the insurance at your expense. You must immediately pay for any insurance we purchase for you by paying the insurance broker selected by us directly, or by paying us if we have already paid for the insurance.

We are not currently an approved supplier of goods or services you will purchase to establish or operate your franchise. There are no approved suppliers in which any of our officers owns an interest.

In the year ending December 31, 2024, our total revenue from required purchases or leases by Tuffy franchisees was \$203,543, which was 0.3% of the consolidated total revenue of our parent company, which was \$69,915,176. This figure includes advertising commissions billed to franchisees and product commissions from suppliers. This figure does not include any rent paid to us under subleases with Tuffy franchisees since the rent is primarily a pass-through to the landlord.

All of your purchases from us and our affiliates, approved suppliers, or in accordance with our specifications represent 90% to 100% of your total purchases in the establishment of your Tuffy franchise and 90% to 100% of your total purchases in operating your Tuffy franchise.

### **ITEM 9--FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Franchise Disclosure Document.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Sections 6.1, 6.2, 6.3, 7.1, 7.2, 7.3, 7.4, 14.4(j) and 14.4(k) of License Agreement; Section H of Renewal Addendum; Section H of Transfer Addendum; Sublease; Section 4(a) of Area Development Agreement	Items 7, 8, 11 and 17
b. Pre-opening purchases/leases	Sections 8.1, 8.2, 8.3 and 9.3 of License Agreement; Section I of Renewal Addendum; Section I of Transfer Addendum	Items 5, 7, 8 and 10
c. Site development and other pre-opening requirements	Sections 3.1(c) and 8.2 of License Agreement; Section I of Renewal Addendum; Section I of Transfer Addendum	Items 5, 7 and 11
d. Initial and ongoing training	Sections 11.1 and 11.2 of License Agreement; Section K of Renewal Addendum	Item 11

e. Opening	Sections 8.5 and 14.4(i) of License Agreement; Section I of Renewal Addendum; Sections B and I of Transfer Addendum; Section 3 of Area Development Agreement	Items 11 and 17
f. Fees	Sections 3.1, 9.2, and 13.4(e) of License Agreement; Sections F and G of Renewal Addendum; Sections F and G of Transfer Addendum; Sections 2, 4(d) and 4(e) of Area Development Agreement; Section 3 of Sublease	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 1.1, 4.1 4.3, 4.4, 5.2, 8.1, 8.2, 9.1, 9.2, 9.3, 9.5, 9.7, 9.12, 10.4 and 13.4 of License Agreement; Section E of Renewal Addendum; Section E of Transfer Addendum	Items 8, 11, 13 and 16
h. Trademarks and proprietary information	Sections 1.1, 5.1, 5.2, 12.1 and 12.2 of License Agreement; Section 6 of Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 9.2 and 9.3 of License Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 9.1, 9.2, 9.10 and 9.12 of License Agreement	Item 11
k. Territorial development and sales quotas	Section 3 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 9.2 and 9.3 of License Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 2.2(d) and 9.5 of License Agreement; Section E of Renewal Addendum; Section E of Transfer Addendum; Sections 12 and 14 of Sublease	Items 11 and 17
n. Insurance	Section 9.8 of License Agreement; Section 17 of Sublease	Items 7 and 8
o. Advertising	Sections 10.1 through 10.5 of License Agreement; Section G of Renewal Addendum; Section G of Transfer Addendum	Items 5, 6, 7 and 11
p. Indemnification	Section 16.3 of License Agreement; Section 10 of Area Development Agreement; Section 6 of Sublease	Item 6
q. Owner's participation/management/staffing	Sections 9.4 and 9.14 of License Agreement	Items 11 and 15
r. Records and reports	Sections 4.1, 4.2, 4.3, 4.4, 4.7 and 9.13 of License Agreement	None

s. Inspections and audits	Sections 3.1(f), 4.5 and 4.6 of License Agreement; Section 16 of Sublease	Item 6
t. Transfer	Sections 13.1 through 13.6 of License Agreement; Transfer Addendum; Section 7 of Area Development Agreement; Section 13 of Sublease	Item 17
u. Renewal	Section 2.2 of License Agreement; Renewal Addendum; Section 5 of Area Development Agreement; Section 2 of Sublease	Item 17
v. Post-termination obligations	Sections 12.2, 12.4- through 12.6, 14.5(c), 14.6, 14.7, 15.1 through 15.6 and 19.2 of License Agreement; Section 9 of Area Development Agreement	Item 17
w. Non-competition covenants	Sections 12.2 and 12.4 through 12.6 of License Agreement	Item 17
x. Dispute resolution	Article 17 of License Agreement; Section 12 of Area Development Agreement; Section 18 of Sublease	Item 17

#### **ITEM 10--FINANCING**

If requested, we may assist you in obtaining financing. Financing terms and interest rates will vary depending on the financial institution and the financing program offered by that institution. Your ability to obtain financing will depend on your financial strength and ability to provide collateral.

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

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

##### Before Opening

Before you open your business, we will:

1. Assist you in obtaining a location for your business and review for approval any location proposed by you (Section 6.1 of License Agreement).

It is your responsibility to research and evaluate the suitability and commercial value of the location for operation of your franchise business. In most cases, you will sign a lease directly with the landlord or purchase property for your franchise location. We may provide our expertise and assistance in obtaining a location for you. Our location recommendations and our procurement or approval of a location do not constitute a representation, warranty or guarantee of the commercial value or success of your location. You are ultimately responsible for your location, whether or not we assist you in obtaining the location.

In all cases, we must approve the site for your franchise business. The factors that we may consider when we recommend or approve a site are: density of population; income levels; number of cars that have visibility to the site on a daily basis; land costs; construction and site

work costs; rent; size of site; access to the site; local zoning; level of competition in the area; local sign ordinances; and advertising costs in the area. The License Agreement does not establish a time limit for us to approve or disapprove of a site. If you propose a site, we can usually give our approval or disapproval within 30 to 60 days. If you do not obtain an approved site within 12 months from the signing of the License Agreement, you or we may elect to terminate the License Agreement within the 30 day period after the end of the 12 month period. If you do not obtain an approved site and open for business within 36 months after signing the License Agreement, we may terminate your License Agreement.

If you enter into an Area Development Agreement with us, we must approve the site for each franchise developed by you under the Area Development Agreement. We will review each site for approval when you submit the site to us. Our approval of each site will be based on our then-current standards for sites. Except for the opening date for each franchise you are required to open under the Area Development Agreement, all site selection and opening requirements and procedures are governed by the terms of the Franchise Agreement you sign for each franchise.

2. At our option, purchase or lease the location for your business for lease or sublease to you. See Item 8. Generally we will not own the location for your business. As noted above, sometimes, but not always, we will lease the location from the landlord and sublease the location to our franchisee. If we do not purchase or lease your location, we will assist you in negotiating your lease and will review any proposed lease of the location for approval (Sections 7.1 and 7.2 of License Agreement).

3. Provide you with our specifications for construction or improvement of your franchise location. We will review your construction or improvement plans for approval (Section 8.2 of License Agreement). We do not provide assistance with conforming the premises to local ordinances and building codes or obtaining any required permits.

4. Provide you with a list of approved and recommended equipment and signage necessary for development of your franchise location and the names of approved manufacturers for major pieces of equipment (Section 8.1 and 8.3 of License Agreement). You may purchase these items from us (see Items 5, 7 and 8). If you purchase these items from us, we will arrange for delivery and installation of these items at your franchise location.

5. Assist you in recruiting, interviewing, hiring and training your initial employees (Section 8.4 of Franchise Agreement).

6. Provide one or more of our employees to assist in the set-up of your franchise business for approximately one week before opening (Section 8.4 of Franchise Agreement).

7. Loan you one copy of the operations manual (Section 9.1 of License Agreement). The Operations Manual is described in more detail below.

8. Train you and/or another person you designate, to operate your Tuffy franchise (Section 11.1 of License Agreement). Our training program is described in more detail below. We provide assistance in training your employees if you have managers attend our initial training program.

9. Assist you with your grand opening advertising program and expend all or a portion of your initial advertising fee for that program (Section 10.1 of License Agreement).

Our obligations as outlined above generally will not apply if you are renewing your franchise or acquiring an existing franchise by transfer except that, on a transfer we will provide the initial training described in number 8 above (see the Renewal Addendum and Transfer Addendum).

### Time of Opening

Franchisees typically open their Tuffy franchises one to 24 months after signing a License Agreement or paying consideration to us. The factors that affect this time period are the availability of a suitable site, the complexity of zoning and real estate problems peculiar to the site, the timing of construction, your personal time table, the time table of the local government, and the season of the year.

If you enter into an area development agreement with us, the area development agreement will specify when each franchise must be opened to comply with the minimum development schedule.

### During Operation

During the operation of your franchise, we will:

1. Indemnify you against liability to third parties resulting from claims that your use of the Tuffy Trademarks infringes trademark rights of the third party, but only if you have used our Trademarks in accordance with our specifications and you provide notice to us of the claim within 10 days of the claim and tender the defense of the claim to us (Section 5.1 of License Agreement).
2. Review any alternate location proposed by you if your franchise location becomes unusable (Section 6.3 of License Agreement).
3. Continually update our specifications relating to the franchise business, including specifications for: installation and servicing of products or rendering of services; selection, supervision or training of personnel; sales, advertising and promotional techniques, programs and procedures; construction maintenance and appearance of your location; issuing warranties or guaranties; payment, credit, accounting, and financial reporting; purchase and maintenance of signs, equipment, fixtures and inventory; hours and manner of operation; trademark and signage usage; and insurance coverage. The specifications may be contained in our operations manual or may be issued in other written materials. We have the right to change our specifications and you must comply with the change in specifications, except that these changes cannot change your fundamental rights under the License Agreement (Section 9.1 of License Agreement).
4. Provide one or more of our employees to assist in the set-up and operation of your franchise business for approximately one week after the opening of your franchise business (Section 9.3 of Franchise Agreement). This obligation does not apply on renewal (Section I of Renewal Addendum). On transfer, we will provide an employee to assist for three or four days after the opening of your franchise business (Section I of Transfer Addendum).
5. Have a Franchise Business Manager (FBM) periodically visit your business throughout the term of your franchise. During these visits, the FBM will evaluate your operations and provide operational advice (Section 9.3 of Franchise Agreement).

6. Provide guidance on pricing of products and services, if you request. You are not, however, required to follow our guidelines in pricing (Section 9.3 of Franchise Agreement).

7. Provide reasonable operational assistance to you by telephone, including advice on specific services or products, if you request (Section 9.3 of Franchise Agreement).

8. We may require that you attend a performance assessment after your franchise has been in operation for approximately three months. If required, the performance assessment will take place over a one-day period at our office and we will pay your travel costs for attending the performance assessment. During the performance assessment, we will assess the financial and administrative aspects of your operations and provide advice and assistance deemed necessary by us. We will provide you at least 14 days notice of the date and time of the performance assessment (Section 9.3 of Franchise Agreement). This provision does not apply on renewal (Section J of Renewal Addendum).

9. Designate the products and services that you must offer at your Tuffy franchise or that you may offer at your Tuffy franchise. You are prohibited from offering any products or services at your Tuffy franchise that we have not authorized. We will expand or restrict our required or authorized products or services for good faith marketing reasons and on a uniform basis for all similarly situated franchisees (Section 9.4 of License Agreement).

10. Review products or suppliers as potential approved products or suppliers (Section 9.6 of License Agreement).

11. Administer the advertising fund (Section 10.2 of License Agreement). Additional information about the advertising fund is provided below.

12. Review for approval all additional advertising materials proposed by you (Section 10.3 of License Agreement).

13. Review prospective transferees of your business for approval of any proposed transfers (Section 13.4 of License Agreement).

Area Development Agreements

We do not have any significant additional obligations under the area development agreement. Except as may be noted, we will provide the services described in this Item with respect to each franchise developed under the area development agreement.

### Advertising

The License Agreement specifies that you must pay 5% of your gross sales (1% of gross sales of tires and batteries) into an advertising fund that we administer ("advertising fund"). In some markets we have authorized special advertising arrangements that result in franchisees in those markets paying less than 5% of their gross sales (and possibly less than 1% of gross sales of tires and batteries) into the advertising fund. Except as described above and except for former owners of our predecessor, all Tuffy franchises and company owned units contribute to the advertising fund at the same rate.

The goal of the advertising fund is to maximize general public recognition and patronage of the Tuffy trademarks. We expend all advertising fund money to formulate, develop and produce advertising and promotional programs and to conduct advertising and promotional programs on

a national, regional or local level as we determine in our discretion to be most effective in achieving the goals of the advertising fund. We are not required to spend your advertising fund contributions to place advertising in your local area or in any specific media. Also, we are not required to spend advertising fund contributions for your benefit if you are not current in all your obligations to us. Under our current policies, a portion of your advertising fund contribution equal to 0.5% of your gross sales will be used for producing advertising, covering administrative expenses, and other advertising, promotional or marketing uses as determined by us. These policies are subject to change in our discretion. We produce advertising copy for the advertising fund in-house or with the help of outside creative sources. Our in-house advertising department usually handles media placement. However, in some DMA's or MSA's, a local advertising agency handles media placement. Although we make the final decisions for advertising creation and placement, we consult with the franchisees in each DMA or MSA as to decisions for advertising in that DMA or MSA. Under current policies, we usually follow the decisions of the majority of franchisees in a DMA or MSA.

Any advertising materials produced by us, including artwork, point of purchase posters, bay banners, brochures, tv and radio creative, counter-cards, simple tv productions, etc. are provided to you at no additional charge. We will prepare custom writing and art design at your request and without charge, but you must pay the non-creative cost of producing certain items (printing, copying, etc.).

The advertising fund is not audited. On request, we will provide an annual accounting of the advertising fund contributions made by you.

In the year ending December 31, 2024, we used 72.07% of the advertising fund for media placement, which included commissions payable to advertising agencies; 24.99% for production of advertising; and 2.94% for administrative costs, including advertising cooperative group functions, meetings and shipping costs. The advertising fund may be used to pay all costs associated with the advertising and promotional programs conducted by us, including the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of the advertising and promotional programs and the administration of the advertising fund and the charges for all outside advertising agencies. If we do not use advertising fund contributions during the fiscal year in which they accrue, we hold those funds for use in the following year. The advertising fund is not used for the solicitation or sale of franchises. We pay those costs.

We may require advertising cooperatives to be formed and may require you to participate in an advertising cooperative. We also must approve the structure and original governing instrument of the cooperative and any changes to that instrument. We can change the advertising area encompassed by a cooperative. Currently, if more than one franchisee is located in a DMA or MSA, we may require all the franchisees in that DMA or MSA to participate in an advertising cooperative for that DMA or MSA. We do not require any particular structure for the cooperative. The cooperative may, if the franchisees chose, form a corporation or another entity, draft by-laws or other governing documents. As noted above, we must approve this structure and any governing documents for the cooperative. Each cooperative makes decisions based on a majority vote of its members although these decisions are subject to our approval. Under current policies, we consult with each cooperative on the use of advertising fund monies from that DMA or MSA and often follow the vote of the cooperative for those decisions. The cooperative can require its members to make contributions to the cooperative that are in addition to the advertising fund contributions paid to us. Units owned by us will not participate in decisions that require the payment of additional contributions. The use of the additional contributions is determined by the cooperative. The

additional contributions are paid to us when advertising fund contributions are paid and are administered by us in accordance with the decisions of the cooperative. The expenses of each cooperative must be paid by that cooperative. As of the date of this Franchise Disclosure Document, no cooperatives impose additional contributions. We do not require cooperatives to prepare annual or periodic financial statements.

Whether or not an advertising cooperative has been formed for your DMA or MSA, a portion of the advertising fund contributions for all franchisees in your DMA or MSA will usually be combined to place advertising in your DMA or MSA. However, we do not guarantee collection of the advertising fund contributions of other franchisees in your DMA or MSA or that there will be any particular level of advertising fund money available for advertising in your DMA or MSA.

You may produce and place additional advertising at your own expense. You must, however obtain our written approval before placing any advertising on your own. If you place your own advertising, we encourage you to use the advertising produced by us. You must not use the Internet, websites, domain names, any social networks, wikis, podcasts, online forums, content sharing communities, blogging, microblogging or other social media, toll-free telephone numbers, or similar methods with potential local, regional, national or worldwide scope in connection with your Tuffy franchise, except with our written consent and then only in accordance any policies and procedures we specify. We may, in our discretion, maintain one or more websites, domain names, other Internet sites, social media accounts or toll-free telephone numbers for the Tuffy franchise system and allow you to participate in those marketing methods and/or the business generated by those methods under guidelines we specify. If you acquire or establish any websites, domain names, social media accounts or toll-free telephone numbers for use in your Tuffy franchise and/or that contain or are advertised with any of the Tuffy trademarks or any portion or derivation of the Tuffy trademarks, we may require you, at any time, to assign, transfer or convey ownership and possession of any of those websites, domain names, social media accounts and/or toll-free telephone numbers to us. If we require you to transfer any of those items to us, our sole responsibility will be to reimburse you for any of your actual costs paid for such items.

### Computer Systems

You must purchase or lease and use the point of sale electronic and/or computer systems and other such equipment we specify for the operation of your franchise. The equipment that we currently specify for establishing a Tuffy franchise includes a Windows based personal computer ("PC") with monitor and printer. We also currently specify that you acquire a software package for use on the PC. The software package is used for sales, inventory, financial functions and reports. This software will be acquired from Tekmetric, 5704 Southwest Fwy., Houston, Texas 77057, (832) 930-9400. The estimated cost of purchasing the specified electronic point of sale and computer systems is \$10,000. This amount is included in Item 7 under the "Equipment and Furniture" category.

The software provider listed above is the owner of all proprietary rights in their software. The software provider is responsible for proper operation of their software. Neither we nor our affiliates are responsible for proper operation of the software or upgrades or maintenance to the software. Repairs to the hardware or maintenance or updates of the software are available from the supplier at your option, for an additional cost. The current annual cost for maintenance and support, including upgrades, offered by Tekmetric is \$4,188. Tekmetric charges a \$600 transfer fee if you transfer your franchise, including their software. The Tekmetric software has been in use in the Tuffy system since January 2021. The software will track sales and inventory, prepare

financial reports and provide royalty and advertising reporting information for your business. We currently do not have independent access to the information stored on or generated by the software, although we require you to electronically transmit reports to us.

In addition, we may develop point of sale electronic and/or computer systems and specifications for certain components of the point of sale electronic and/or computer systems in the future and may modify such specifications and the components of the point of sale electronic and/or computer systems. As part of the point of sale electronic and/or computer systems, we may require you to obtain specified computer hardware and/or software including a license to use proprietary software developed by us or others. Neither we nor our affiliates are obligated to provide ongoing maintenance, repairs, upgrades or updates for this hardware and/or software. Modification of the specifications for the components of the point of sale electronic and/or computer systems may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the point of sale electronic and/or computer system during the term of the Franchise Agreement. All such point of sale electronic and/or computer systems must be compatible with our system, must be connected to our facilities by internet access as required by us, and must be maintained and used in compliance with our specifications. Within 90 days after you receive notice from us, you must obtain and have operational the components of the point of sale electronic and/or computer system that we specify; provided that, you will not have to spend more than \$15,000 for additional or different point of sale electronic and/or computer systems during the term of the Franchise Agreement.

We have the right to independently access the sales information and other data produced by your point of sale electronic and/or computer systems and there are no contractual limitations on our right to access and use that information and data. You must provide us access to the information on the point of sale electronic and/or computer systems in the manner specified by us and must supply us with any and all security codes necessary to obtain such access. We may retrieve, analyze, download and use the software and all data on your point of sale electronic and/or computer systems at any reasonable times as long as such access does not unreasonably interfere with the operation of your business. You must maintain Internet access at all times in the manner specified by us for communication with customers and us by email or other electronic means and, if specified by us, to allow us to access information from your point of sale electronic and/or computer system. (Section 4.2 of License Agreement).

You are responsible for securing the data of your customers. You must comply with the PCI Requirements in connection with your franchise business. We also recommend that you comply with the ISO/IEC 27000-series information security standards (or other comparable third party information security standards) ("Information Security Standards") in connection with your franchise business. It is your responsibility to research and understand the PCI Requirements and Information Security Standards and to ensure that your business policies and practices comply with these requirements and standards. Although we may provide advice and/or specify or provide computer systems or business software, we do not represent or warrant that those systems or software comply with the PCI Requirements and it will be your sole responsibility to ensure that your business practices comply with the PCI Requirements. You must periodically participate in audits of your information technology systems and data security policies by third party auditors if specified by us. We have the right to engage a vendor to consult with and advise our franchisees on compliance with the PCI Requirements and Information Security Standards and to require you to pay a portion of the cost of the vendor's services as determined under our policies or to directly engage the vendor for these purposes. Also, we have the right to acquire a

cyber insurance policy for the Tuffly franchise system and to require you to pay a portion of the cost of the cyber insurance policy as determined under our policies.

### Operations Manual

Our Operations Playbook provides details concerning the methods of operation of a Tuffly franchise. As of the date of this Franchise Disclosure Document, the Operations Manual is a total of approximately 280 pages. The Table of Contents of the Operations Manual, which includes the number of pages devoted to each subject, is attached as Exhibit J.

### Training Program

The following table provides information about our new dealer training program.

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Telephone Skills	4		TTC
Basic Sales	4		TTC
Fleet Opportunities	1		
Maintenance Sales	4		TTC
Tire Sales	2		TTC
Diagnostic Sales	2		TTC
Marketing	8		TTC
Accounting / Royalty Reports	2		TTC
Daily Operations	8		TTC
Human Resources	2		TTC
Customer Relations	2		TTC
Profitability Module	2		TTC
Regulatory	6		TTC
Supplier Programs	6		TTC
Manager Skills	4		TTC
POS Operating Systems	4		TTC
Franchise Development	2		TTC
Safety and Security	3		TTC
<b>TECHNICAL PRESENTATIONS</b>			
Brake Systems	4		TTC
Steering / Suspension Systems	4		TTC
Battery / Starting Charging Systems	2		TTC
Electrical Systems	2		TTC
Computer Controls / Engine Performance	2		TTC
Heating / Air Conditioning Systems	4		TTC
Exhaust Systems	2		TTC
Equipment Usage and Maintenance	2		TTC
Tire / Wheel Service	1		TTC
Preventative Maintenance	1		TTC
On-the-Job Training On-Site		40	At a Tuffly location

The new dealer training program is up to a four-week (20 day) course and is conducted as often as necessary to train new franchisees. If the franchisee has experience in the auto service industry or in business generally, the new dealer training course may be as little as two-weeks (10 days). The training program is conducted at the Tuffy Technical Center ("TTC") in Toledo, Ohio. The instructional materials include handouts, the Operations Manual, question and answer sessions, hands-on work at TTC, and role play. Our training is conducted by our Training Manager, who has been with us since 2015 and has over 20 years of experience in the automotive repair industry.

Up to two owners and a manager for your franchise may attend the new dealer training program. At least one owner or manager for your franchise must attend the new dealer training program. The training program must be completed to our satisfaction. We recommend that you complete the training program two to eight weeks before opening a new franchise for business, and one to two weeks before taking over an existing franchise. There is no extra charge for the training program. You are, however, responsible for all travel and living expenses you incur during training.

We may require that you attend a performance assessment after your franchise has been in operation for approximately three months. If required, the performance assessment will take place over a one-day period at our office and we will pay your travel costs for attending the performance assessment. During the performance assessment, we will assess the financial and administrative aspects of your operations and provide advice and assistance deemed necessary by us. We will provide you at least 14 days notice of the date and time of the performance assessment (Section 9.3 of Franchise Agreement). This provision does not apply on renewal (Section J of Renewal Addendum). If you fail to attend the performance assessment, we may terminate your franchise.

We may require you to attend additional training or refresher training courses. Under our current policies, franchisees do not have to attend additional training or refresher courses. When new products or services are introduced to the Tuffy system, we may provide training courses for the new products or services. We may require you to attend these training programs before we authorize you to offer the product or service to the public. Under current policies, we provide additional training programs without charge to you, but we reserve the right to charge for these training programs in the future.

## **ITEM 12--TERRITORY**

### Tuffy Franchises

You must operate your franchise only from a specific location, which will be designated on Appendix A to the License Agreement. We must approve your location. You are not granted a minimum or maximum territory in which to operate your franchise business. As long as you provide your services from your franchise location, you are not limited in the area from which you may draw your customers. You cannot relocate your franchise business without our approval. The factors we consider for relocating franchises are the same factors we consider for your initial location (see Item 11). You will not have any options, rights of first refusal or similar rights to acquire additional franchises unless you purchase an area development franchise, which is described below. If you enter into an Area Development Agreement with us, we must approve the site for each franchise developed by you under the Area Development Agreement. We will review each site for approval when you submit the site to us. Our approval of each site will be based on our then-current standards for sites.

Except for the limited rights we grant you in your protected area, you will not receive an exclusive territory. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You will receive a protected area around your location. Generally, and unless otherwise specified in Item 2 of Appendix A to the License Agreement, your protected area will be the geographic area within a three mile radius of your Licensed Location, excluding any Centers existing or under development as of the date of your License Agreement. If a different protected area is specified in Item 2 of Appendix A of your License Agreement, that protected area may be described in terms of a radius around your location or by use of streets or natural borders. A different protected area may be specified if we believe the population density, car registrations, level of competition, income levels and number of cars that have visibility to the site on a daily basis are materially different than the usual situation. We will not operate or authorize any other person to operate under the Tuffy trademarks from a location in your protected area. You do not have to meet a certain sales volume, market penetration or other contingencies to continue your protected area and we do not have the right to modify your protected area because of population increases or any other circumstances. All rights not expressly granted to you in the License Agreement are reserved to us, including the right to: (1) operate and authorize others to operate businesses using the Tuffy trademarks at any location outside your protected area; and (2) operate and authorize others to operate businesses that are the same or similar to a Tuffy franchise under names or trademarks other than the Tuffy trademarks at any location inside or outside your protected area.

Your protected area does not give you exclusivity of marketing territory or customers. We and other franchisees can market and sell products and services under the Tuffy trademarks to customers located in your protected area if those services are not provided from a location in your protected area. Although we have not done so in the past, the License Agreement does not prohibit us or our affiliates from selling products under the Tuffy trademarks inside or outside your protected area through any method of distribution other than a dedicated Tuffy Auto Service Center, including, sales through the Internet, catalog sales, telemarketing, or other direct marketing sales (together "alternative distribution channels"). Although we have not done so in the past, the License Agreement does not prohibit us or our affiliates from selling products under different trademarks inside your protected area through alternative distribution channels. You will not receive any compensation if we, our affiliates or franchises solicit or accept customers or orders from inside your protected area.

We are not prohibited from establishing other franchises or company owned units that market similar products or services in your protected area under a different trademark.

As noted in Item 1, our affiliate, EOC, operates and franchises others to operate EOC/TE Centers, which are businesses that sell goods and services substantially similar to those offered by Tuffy franchisees but under the Express Oil Change and Tire Engineers names and marks. Those services offered by EOC include quick oil change and lubrication, transmission service, air conditioning service, brake repair, tune-ups, and tire sales and service. It is possible that EOC/TE Centers may be operated by our affiliates or EOC franchisees in your protected area. Also, EOC/TE Centers operated by our affiliates or EOC franchisees may solicit or accept orders within your protected area and service their customers from locations within your protected area. We and EOC intend to let the Tuffy and EOC/TE franchise systems follow normal expansion plans under their respective name and trademarks and permit the systems to operate as they had prior to December 27, 2021, including in competition for the same of similar products and services, and customers. We are not obligated to limit competition or resolve conflicts between us and

franchisees of EOC/TE Centers and Tuffy Auto Service Centers or between franchisees of these systems. EOC's principal business address is 1880 Southpark Drive, Birmingham, Alabama 35224.

We may in the future acquire independently owned or franchised automotive service center chains with the purpose of expanding the Tuffy System. In those situations, we may operate or license others to operate those units under names other than the Tuffy Trademarks until it is feasible to convert the units to Tuffy Auto Service Centers. In some situations, we may not be able to convert the units to Tuffy Auto Service Centers and the units may continue to be operated under other names. It is possible that this could occur in the future and could involve the operation of a competing business in your protected area under a name other than the Tuffy Trademarks.

You can market and sell products and services to customers outside your protected area if your services are provided from your franchise location. You may not use alternative distribution channels to make sales inside or outside your protected area.

### Area Development Franchises

Except for the limited rights we grant area developers in their protected areas, area developers will not receive an exclusive territory. Area Developers may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Area developers receive a larger protected area that may be described in terms of a DMA or MSA or DMA's or MSA's, political subdivisions, including cities, townships or counties, or by streets and natural borders. The size of an area developer's protected area will depend on population density and car registrations as well as the number of franchises that must be developed. We will not operate or authorize any other person to operate under the Tuffy Trademarks from a location in the area developer's protected area. The area developer's protected area will be described in the Area Development Agreement. The area developer must open a specified number of stores within the protected area on a set time schedule. If these market penetration requirements are not met, we may terminate the Area Development Agreement, which would include termination of the protected area.

The protected area provided in any License Agreement executed under the Area Development Agreement will remain in effect after termination of the Area Development Agreement unless the License Agreement is terminated.

Area developers will not have any options, rights of first refusal or similar rights to acquire additional area development rights or franchises within any territories not included in the protected area.

An area developer's protected area does not give the area developer exclusivity of marketing territory or customers. We and other franchisees and area developers can market and sell products and services under the Tuffy trademarks to customers located in the protected area if those services are not provided from a location in the protected area. Although we have not done so in the past, the Area Development Agreement does not prohibit us or our affiliates from selling products under the Tuffy trademarks inside or outside the protected area through any method of distribution other than a dedicated Tuffy Auto Service Center, including, sales through alternative distribution channels. Although we have not done so in the past, the Area Development

Agreement does not prohibit us or our affiliates from selling products under different trademarks inside your protected area through alternative distribution channels. You will not receive any compensation if we, our affiliates or franchises solicit or accept customers or orders from inside the protected area.

We are not prohibited from establishing other franchises or company-owned units or alternative distribution channels that market similar products or services in an area developer's protected area under a different trademark. We do not currently operate or franchise or have any plans to operate or franchise a business that markets similar products or services under a different trademark.

We may in the future acquire independently owned or franchised automotive service center chains with the purpose of expanding the Tuffy System. In those situations, we may operate or license others to operate those units under names other than the Tuffy Trademarks until it is feasible to convert the units to Tuffy Auto Service Centers. In some situations, we may not be able to convert the units to Tuffy Auto Service Centers and the units may continue to be operated under other names. It is possible that this could occur in the future and could involve the operation of a competing business in area developer's protected area under a name other than the Tuffy Trademarks.

Area developers can market and sell products and services to customers outside their protected area if the services are provided from a franchise location in the protected area. Area developers may not use alternative distribution channels to make sales inside or outside the protected area.

### ITEM 13--TRADEMARKS

You must operate your Tuffy franchise under the Tuffy trademarks. The Tuffy trademarks include the following tradenames and trademarks: "Tuffy Tire & Auto Service," "Tuffy Auto Service Centers" and "Tuffy Service Centers." Our principal trademarks include these Tuffy trademarks and the registered trademarks listed in the table below, all of which are registered with the United States Patent and Trademark Office ("USPTO") on the Principal Register. All required affidavits and renewals have been filed for these trademarks.

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>
TUFFY	922,985	October 26, 1971
TUFFY and design	1,090,273	May 2, 1978
TUFFY	1,491,523	June 7, 1988
Tuffy Auto Service Centers and design	1,599,906	June 5, 1990
Done Right. Period.	4,412,206	October 1, 2013
Tuffy Tire & Auto Service and design	4,600,233	September 9, 2014

Most new Tuffy franchises are using the "Tuffy Tire & Auto Service" name, although the majority of existing Tuffy franchises operate under the "Tuffy Auto Service Center" name.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, any pending interference, opposition or cancellation proceeding nor any pending material federal or state court

litigation involving the Tuffy trademarks. There are no agreements currently in effect that limit our rights to use or license the Tuffy trademarks in any manner material to your franchise. We do not know of any superior prior rights or infringing uses of the Tuffy trademarks that could materially affect your use of the Tuffy trademarks.

You must use the Tuffy trademarks only in accordance with our rules. You must only use the Tuffy trademarks in connection with the sale of products and services authorized by us. You must not reproduce or cause to be reproduced any Tuffy trademarks in any manner, including production on diagnostic forms, invoices, repair orders, warranties and in connection with advertising or on the Internet or in an Internet domain name, homepage, electronic address or otherwise in connection with a website, or in connection with any social networks, wikis, podcasts, online forums, content sharing communities, blogging, microblogging or other social media, without our written approval. You may not use the Tuffy trademarks in your corporate or partnership name or in any manner not approved by us.

You must promptly notify us of any unauthorized use of the Tuffy trademarks or any name or mark confusingly similar to the Tuffy trademarks or any claim or litigation against you involving the Tuffy trademarks. We may, in our discretion, take any affirmative action necessary to protect the Tuffy trademarks. We have the right to control any actions involving the Tuffy trademarks, although you must cooperate fully in those actions. We will indemnify you against liability to third parties resulting from claims that your use of the Tuffy trademarks infringes trademark rights of the third party, but only if you have used our trademarks in accordance with our specifications and you provide notice to us of the claim within 10 days of the claim and tender the defense of the claim to us. Otherwise, the License Agreement does not require us to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Tuffy trademarks or if the proceeding is resolved unfavorably to you.

We may, in our discretion, modify or discontinue one or more of the Tuffy trademarks, but only on a uniform basis for all similarly situated franchisees in a particular market. If we modify or discontinue the Tuffy trademarks, you will have the right under the License Agreement to use the modified trademarks and you will have the obligation to make those changes at your expense.

#### **ITEM 14--PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any patents that are material to your franchise. We do not have any pending patent applications that are material to your franchise. We claim copyright protection of our operations manual and similar materials, although these materials are not registered with the United States Registrar of Copyrights.

Our operations manual and other aspects of the Tuffy system are considered proprietary and confidential. This information may include site selection criteria, training and operations materials, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience, knowledge of operating results, financial performance and related intellectual property. You must use the operations manual and the other aspects of the Tuffy system only as provided in the License Agreement. You may not use our operations manual or any other aspect of the Tuffy System in any unauthorized manner and you must take reasonable steps to prevent disclosure of this information to others. We may require that you have your employees sign an agreement of confidentiality in a form specified by us before disclosing confidential information to them.

There are no currently effective material determinations of the United States Copyright Office or any court regarding any of our copyrighted materials. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our confidential information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our confidential information that could materially affect your use of those materials or information.

We are not required by any agreement to protect or defend our copyrights or confidential information or to take affirmative action when notified of infringement of our copyrights or confidential information or to defend you against claims arising from our use of copyrighted or confidential information. If there is litigation involving our copyrights or confidential information, we would have the right to control that litigation. We do not have an obligation under the License Agreement to participate in your defense or to indemnify you for expenses or damages in a proceeding involving a copyright or confidential information licensed to you.

We may, in our discretion, modify our copyrights and confidential information. If we modify our copyrights or confidential information, you will have the right under the License Agreement to use the modified materials and you will have the obligation to make changes specified by us at your expense.

#### **ITEM 15--OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If you are an individual, you must devote your full time and effort to the actual management and operation of your franchise. If you are a corporation or other entity, unless otherwise stated in Item 5 of Appendix A to the License Agreement, each individual owning an equity or voting interest of 10% or more of the franchisee will be considered a principal of the franchisee (each a "principal" and together the "principals"). One or more of the principals must devote their full time and effort to the actual management and operation of your franchise. If, however, you desire to have a manager carry out on-site management responsibilities, the manager must be approved by us. We have the right to require the manager to successfully complete our training program as a condition of approval. The on-premises manager is not required to have an equity interest in the franchise. As described in Item 14, we may require your manager to sign a confidentiality agreement. If the franchisee is a corporation or other entity, the principals and their spouses must personally guaranty all of the franchisee's obligations to us. Also, if you own affiliated entities that operate Tuffy franchises, those affiliated entities must guaranty all of the franchisee's obligations to us. See the "Obligations of Individuals involved in Licensee's Business" at the end of the License Agreement and the Guaranty and Subordination Agreement attached to the License Agreement as Appendix C.

#### **ITEM 16--RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell all products and services specified by us. You may offer products and services that we authorize as optional, if you meet our requirements for offering those products and services. You may not offer any products or services that we have not authorized (See Items 8 and 9). You also must not use your franchise location for any purpose other than the operation of a Tuffy franchise. We have the right to change the authorized products and services, but we may only make these changes for good faith marketing reasons on a uniform basis for similarly situated franchisees. You may solicit any customers, no matter who they are or where they are located, as long as your services are provided from the franchise location (See Item 12).

**ITEM 17--RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE  
FRANCHISE RELATIONSHIP**

These tables list certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

License Agreement

Provision	Section in License Agreement	Summary
a. Length of the franchise term	Section 2.1; Section C of Renewal Addendum; Section C of Transfer Addendum	Generally 15 years from the date of opening but may vary depending on the term of the lease for the franchise location
b. Renewal or extension of the term	Section 2.2; Section D of Renewal Addendum; Section D of Transfer Addendum	Generally three additional periods of 5 years each but may vary depending on the term of the lease for the franchise location
c. Requirements for you to renew or extend	Section 2.2; Section D of Renewal Addendum; Section D of Transfer Addendum	The Franchise Agreement automatically renews unless you elect not to renew or we do not consent to renewal. As conditions to renewal, we may require that you release us from claims, execute our standard form of License Agreement in use at the time of renewal and renovate your franchise location (you may be asked to sign a License Agreement with materially different terms and conditions than your original License Agreement)
d. Termination by you	Sections 14.1 and 14.5	If we breach the Agreement and do not cure after notice
e. Termination by us without cause	None	
f. Termination by us with cause	Sections 14.2, 14.3, 14.4 and 14.5; Section L of Renewal Addendum; Section K of Transfer Addendum	If you breach the Agreement or commit any one of the violations listed in Sections 14.3 and 14.4 of the License Agreement (see g. and h. below); If you enter into an Area Development Agreement with us, expiration or termination of the Area Development Agreement will not cause the termination of your Franchise Agreement

g. "Cause" defined—curable defaults	Sections 14.4 and 14.5; Section L of Renewal Addendum; Section K of Transfer Addendum	Notice and cure period is 10 days for monetary defaults and 30 days for other defaults. The defaults include: failure to pay suppliers; a breach by you or any affiliate of any other agreement with us; failure to complete training; suspension of license; failure to pay us or supply reports; inaccuracies in the reporting of sales; failure to use approved equipment or products; failure to properly display the trademarks; failure to open by designated date; loss of right to occupy the franchise location; destruction of the business and the failure to rebuild; failure to submit to an audit; failure to meet quality control standards; repeated failure to comply with standards; failure to hold information in confidence; failure to honor warranties; cancellation of guaranties; other breaches of the License Agreement or Operations Manual; If you commit a default under a Franchise Agreement that is not cured after notice, we may terminate your Area Development Agreement
h. "Cause" defined—non-curable defaults	Sections 14.3 and 14.5	Willful misrepresentation; issuance of improper guaranties; unauthorized transfer; conviction of a crime; abandonment; materially adverse conduct; repeat defaults; bankruptcy; an assignment for the benefit of creditors
i. Your obligations on termination/ non-renewal	Section 14.6	Termination of lease, complete de-identification, transfer of telephone numbers, payment of amounts due and sale of proprietary inventory
j. Assignment of contract by us	Section 13.6	No restriction on our right to assign
k. "Transfer" by you—defined	Section 13.1	Includes transfer of interest in franchise, interest in the corporation or other business entity, or assets of the franchise
l. Our approval of a transfer by you	Sections 13.1 and 13.4	We must approve all transfers, but will not unreasonably withhold approval
m. Conditions for our approval of the transfer	Sections 13.4 and 13.5	New franchisee qualifies, all amounts are paid, portion of purchase price escrowed to ensure payment of advertising obligations and your obligations to us, transfer fee paid, purchase agreement approved, training arranged, release signed by you, guaranty of purchaser's obligations to us signed by you, escrow is established to secure the guaranty, current License Agreement signed by new franchisee

n. Our right of first refusal to acquire your business	Section 13.3	We can match any offer for the purchase of your business
o. Our option to purchase your business	Sections 15.1 through 15.6	We have the option to purchase your business on termination or expiration for fair market value
p. Your death or disability	Section 13.2	Your estate may operate the franchise if a manager is approved by us; we have an option to operate the franchise for your estate
q. Non-competition covenants during the term of the franchise	Sections 12.4 and 12.6	No direct or indirect involvement in a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	Sections 12.5 and 12.6	No direct or indirect involvement in a competing business for 2 years within 5 miles of former franchise location or within 5 miles of any other Tuffy location; these restriction do not apply if: (a) you terminate the License Agreement for cause; or (b) all of the following are met: (i) you own the real estate, (ii) there are no other Centers in your advertising market and (iii) we do not acquire the franchise location
s. Modification of agreement	Sections 9.1 and 19.7	No modifications unless in writing, but operations manual subject to change
t. Integration/merger clause	Section 19.7	Only the terms of the License Agreement are binding (subject to applicable state law); however, we do not disclaim and you do not waive reliance on any authorized statements in this disclosure document or in its exhibits and amendments
u. Dispute resolution by arbitration or mediation	Section 9.12	Industry Accreditation Programs specified by us may require mediation or arbitration of disputes between you and your customers
v. Choice of forum	Section 17.1	Litigation must be in Ohio except actions brought by us to recover possession of real or personal property may be brought in the state in which your franchise is located (subject to applicable state law)
w. Choice of law	Section 17.1	Ohio law applies (subject to applicable state law)

Area Development Agreement

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
a. Length of franchise term	Section 5	Negotiated
b. Renewal or extension of the term	Section 5	Negotiated
c. Requirements for you to renew or extend	Section 5	Not in default, provide notice, agreement on new development schedule
d. Termination by you	None	The franchisee may terminate the agreement on any grounds available by law.
e. Termination by us without “cause”	None	
f. Termination by us with “cause”	Section 8	We can terminate if you commit any of the violations noted in h. below; Expiration or termination of the Area Development Agreement will not cause the termination of your Franchise Agreements
g. “Cause” defined—curable defaults	None	
h. “Cause” defined—non-curable defaults	Section 8	Expiration or termination of License Agreement; default under other agreements; failure to develop; unauthorized assignment; material misrepresentation; or other breach of the agreement
i. Your obligations on termination/ non-renewal	Section 9	All your rights as area developer cease; you can continue to operate under existing License Agreements
j. Assignment of contract by us	None	No restriction on our right to assign
k. “Transfer” by you—defined	Section 7	Transfer of any rights under agreement
l. Our approval of a transfer by you	Section 7	We have the right to approve all transfers, but will not unreasonably withhold approval
m. Conditions for our approval of the transfer	None	We will follow our standard policies
n. Our right of first refusal to acquire your business	None	
o. Our option to purchase your business	None	
p. Your death or disability	None	

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	None	License Agreement provision applies
r. Non-competition covenants after the franchise is terminated or expires	None	License Agreement provision applies
s. Modification of the agreement	Section 13(b)	No modifications, except in writing
t. Integration/merger clause	Section 14(b)	Only the terms of the Agreement are binding (subject to applicable state law); however, we do not disclaim and you do not waive reliance on any authorized statements in this disclosure document or in its exhibits and amendments
u. Dispute resolution by arbitration or mediation	None	
v. Choice of forum	Section 12	Litigation must be in Ohio except actions brought by us to recover possession of real or personal property may be brought in the state in which your franchise is located (subject to applicable state law)
w. Choice of law	Section 12	Ohio law applies (subject to applicable state law)

Sublease

<b>Provision</b>	<b>Section in Sublease</b>	<b>Summary</b>
a. Length of franchise term	Section 2	Will mirror the term of the underlying lease
b. Renewal or extension of the term	Section 2	Will mirror the renewal options in the underlying lease; renewal is automatic unless you or we elect not to renew or we do not consent to renewal
c. Requirements for you to renew or extend	Section 2	You and your affiliates are not in default, provide notice, have timely paid obligations under sublease; have not received notices of default in last 12 months; we do not have reasonable concerns regarding your creditworthiness
d. Termination by you	None	The franchisee may terminate the agreement on any grounds available by law.
e. Termination by us without "cause"	None	

f. Termination by us with "cause"	Section 8	We can terminate if you default under sublease, License Agreement or any other agreement
g. "Cause" defined—curable defaults	Section 8	Failure to pay rent or other breaches of the Sublease
h. "Cause" defined—non-curable defaults	Section 8	Expiration or termination of License Agreement, default under other agreements, termination or cancellation of the underlying lease, 3 or more late payments in 12 months, act by you that creates a default in the underlying lease, abandonment of the premises, assignment for the benefit of creditors or proceeding for receiver
i. Your obligations on termination/ non-renewal	Section 8	You have to return the premises to us; you are still liable for rent
j. Assignment of contract by us	None	No restriction on our right to assign
k. "Transfer" by you—defined	Section 13	Transfer of any rights under agreement
l. Our approval of a transfer by you	Section 13	We have the right to approve all transfers, all transfers must be made to a Tuffy franchisee
m. Conditions for our approval of the transfer	Section 13	We will follow our standard policies, all transfers must be made to a Tuffy franchisee
n. Our right of first refusal to acquire your business	None	
o. Our option to purchase your business	None	
p. Your death or disability	None	
q. Non-competition covenants during the term of the franchise	None	
r. Non-competition covenants after the franchise is terminated or expires	None	
s. Modification of the agreement	Section 21(b)	No modifications, except in writing
t. Integration/merger clause	Section 21(b)	Only the terms of the Sublease are binding (subject to applicable state law) as to the subject matter of the Sublease; however, we do not disclaim and you do not waive reliance on any authorized statements in this disclosure document or in its exhibits and amendments

<b>Provision</b>	<b>Section in Sublease</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	None	
v. Choice of forum	Section 18	Action for possession may be brought in any court with jurisdiction; other litigation must be in Ohio (subject to applicable state law)
w. Choice of law	Section 18	Ohio law applies except action for repossession will be governed by the law of the state in which the premises are located (subject to applicable state law)

**APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT N TO THIS FRANCHISE DISCLOSURE DOCUMENT.**

**TERMINATION OF THE FRANCHISE AGREEMENT ON BANKRUPTCY OR INSOLVENCY MAY NOT BE ENFORCEABLE UNDER FEDERAL BANKRUPTCY LAW (11 USC § 101 ET SEQ.).**

#### **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, by example, by providing information about possible performance at a particular location or under particular circumstances.

Except as provided below, we do not furnish or authorize our sales persons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Tuffy franchise. Actual results may vary from unit to unit and we cannot estimate any results of any particular franchise. The following information is provided for the purpose of helping you evaluate the potential earnings capability of a Tuffy franchise. Please carefully read all information in this Item 19, including the notes following the table, which explain the information and the limitations on the information contained in this Item 19.

As of December 31, 2024, there were 129 Tuffy Tire & Auto Service Centers in operation; 101 were franchised and 28 were company-owned (owned by us and our affiliates). The gross sales, annual car count, and average repair ticket information in the table is based on information for 2024 for the 59 franchised Tuffy Auto Service Centers that, as of December 31, 2024, had been in operation for at least two full calendar years and had at least four bays. The cost information in the table is based on information for 2024 for the number of franchised Tuffy Tire & Auto Service Centers identified in the table for each category of costs that reported that financial information to us for the calendar year 2024.

Description	Average	High	Low	Median
Gross Sales-2024 (59 Franchises) (23 of the 59 or 39% met or exceeded the average)	\$1,416,325	\$4,916,047	\$468,196	\$1,343,137
Annual Car Count-2024 (59 Franchises) (23 of the 59 or 39% met or exceeded the average)	3,283	13,719	789	2,979
Average Repair Ticket Amount-2024 (59 Franchises) (24 of the 59 or 41% met or exceeded the average)	\$466	\$1,284	\$235	\$432
Cost of Goods Sold as a Percentage of Sales-2023 (59 Franchises) (18 of the 59 or 30.5% met or exceeded the average)	35.34%	75.06%	21.02%	30.00%
Labor as a Percentage of Sales-2023 (57 Franchises) (32 of the 57 or 56% met or exceeded the average)	24.06%	70.24%	0.00%	25.10%
Utilities as a Percentage of Sales-2023 (59 Franchises) (25 of the 59 or 42% met or exceeded the average)	1.15%	4.05%	0.19%	1.07%
Annual Insurance Employee Benefits as a Percentage of Sales-2023 (46 Franchises) (27 of the 46 or 59% met or exceeded the average)	1.10%	4.6%	-0.4%	0.90%
Annual Repairs/Maintenance as a Percentage of Sales-2023 (52 Franchises) (11 of the 52 or 21% met or exceeded the average)	1.15%	21.04%	0.00%	0.54%
Credit Card Fees as a Percentage of Credit Card Sales-2023 (23 Franchises) (17 of the 23 or 74% met or exceeded the average)	0.60%	4.0%	0.00%	0.00%
Annual Accounting Fees as a Percentage of Sales-2023 (24 Franchises) (18 of the 24 or 75% met or exceeded the average)	0.30%	2.50%	0.00%	0.00%
Rent as a Percentage of Sales-2023 (51 Franchises) (27 of the 51 or 53% met or exceeded the average)	7.25%	19.81%	0.00%	6.39%

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

#### Notes to Tables

- As used in this Item 19, gross sales means all revenue, regardless of form of payment, except sales tax.
- As used in the table, "met or exceeded" means: (a) with respect to sales, car counts, and average tickets—the same or a higher amount; and (b) with respect to expenses—the same or a lower percentage.

3. The figures in the table reflect information reported to us by independent owners of Tuffy franchises. We do not know if the figures reported to us were audited or whether they were prepared in accordance with generally accepted accounting principles (GAAP). We have not independently audited the figures.

4. Gross sales, cost of goods sold, cost of labor, utilities, insurance employee benefits, repairs/maintenance, credit card fees, and accounting fees do not reflect the actual potential net income of a Tuffy franchise and should not be relied on in calculating profitability. There are a number of fixed and variable costs associated with a Tuffy franchise that are not reflected above and that vary among individual Tuffy franchises. These additional expenses, which are likely to be significant, include, but are not limited to, the following: costs described in Items 6 and 7 of this Franchise Disclosure Document; rent and other occupancy costs; taxes; insurance; royalty and advertising fund contributions; interest or finance charges if you finance some or all of the cost of the franchise; depreciation on property and equipment; accounting and legal fees and general administrative expenses; any pre-opening or amortization of organization costs; costs associated with regulatory compliance; and management costs. We strongly encourage you to consult with your financial advisors in reviewing the information in this Item 19, in particular, in estimating the categories and amount of additional expenses you will incur in establishing and operating a Tuffy franchise.

5. You should be aware that the financial performance of any particular Tuffy franchise might be affected by a number of factors that may vary due to the individual characteristics of the Tuffy franchise. These factors include, but are not limited to: competition from other auto service centers; appreciation and acceptance of the products and services offered by your franchise in the community in which your franchise is located; your experience; the quality and effectiveness of your managerial skills; and your decisions with respect to location, additional advertising programs, personnel and cost controls; geographic and socioeconomic conditions in your locality; business cycles; and the performance of the local, national and world economy.

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

#### Financial Information for Specific Operating Units

We may give a prospective franchisee who is seeking to buy a specific operating unit, whether owned by us or another franchisee, actual operating results of that unit.

Your individual financial results are likely to differ from the results stated above. The figures in the tables should not be considered the actual, potential or probable gross sales or COGS that will be realized by any of our franchisees. We do not provide any guaranty or assurance that any franchisee may attain such sales or costs, or any income or profit that could be derived from such sales or costs. If anyone relies on these figures, they must accept the risk of not doing as well.

**ITEM 20--OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	145	103	-42
	2023	103	100	-3
	2024	100	101	+1
Company-Owned	2022	21	60	+39
	2023	60	58	-2
	2024	58	28	-30*
Total Outlets	2022	166	163	-3
	2023	163	158	-5
	2024	158	129	-29

\* In 2024, our Affiliate, Mavis Tire Supply, LLC rebranded 30 Tuffy locations to Mavis Discount Tire.

**Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For  
Years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2022	0
	2023	0
	2024	0
Florida	2022	0
	2023	1
	2024	0
Illinois	2022	3
	2023	0
	2024	3
Indiana	2022	0
	2023	0
	2024	1
Iowa	2022	0
	2023	0
	2024	0
Michigan	2022	1
	2023	1
	2024	2
Nebraska	2022	0
	2023	0
	2024	0

State	Year	Number of Transfers
North Carolina	2022	0
	2023	0
	2024	0
North Dakota	2022	0
	2023	0
	2024	0
Ohio	2022	1
	2023	0
	2024	4
South Carolina	2022	0
	2023	0
	2024	0
Texas	2022	0
	2023	0
	2024	0
Virginia	2022	0
	2023	0
	2024	0
Wisconsin	2022	1
	2023	0
	2024	0
<b>Totals</b>	<b>2022</b>	<b>6</b>
	<b>2023</b>	<b>2</b>
	<b>2024</b>	<b>10</b>

**Table No. 3  
Status of Franchised Outlets  
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Alabama	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	1	0	2
	2024	2	1	0	0	0	0	3
Arizona	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Florida	2022	45	1	0	0	17	0	29
	2023	29	0	0	0	8	0	21
	2024	21	0	0	0	0	0	21
Illinois	2022	17	0	0	1	0	0	16
	2023	16	1	0	0	0	0	17
	2024	17	0	0	0	0	1	16

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Indiana	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Iowa	2022	8	0	0	0	8	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Michigan	2022	32	0	1	0	14	0	17
	2023	17	2	1	0	1	0	17
	2024	18	0	0	0	0	0	18
Nebraska	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
North Carolina	2022	3	2	0	0	0	0	5
	2023	5	2	0	0	0	0	7
	2024	7	0	0	0	0	0	7
North Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Ohio	2022	22	1	1	0	1	0	21
	2023	21	0	0	0	1	0	20
	2024	20	1	0	0	0	0	21
South Carolina	2022	2	0	0	0	1	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
Virginia	2022	3	0	1	0	0	0	2
	2023	2	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
Wisconsin	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
<b>Totals</b>	<b>2022</b>	<b>145</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>41</b>	<b>0</b>	<b>103</b>
	<b>2023</b>	<b>103</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>100</b>
	<b>2024</b>	<b>100</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>101</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of the Year</b>
Alabama	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	1	0	0
Florida	2022	9	0	17	2 <sup>(1)</sup>	0	24
	2023	24	0	8	0	0	32
	2024	32	0	0	26	0	6
Illinois	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Iowa	2022	0	0	8	0	0	8
	2023	8	0	0	8	0	0
	2024	0	0	0	0	0	0
Michigan	2022	4	0	14	0	0	18
	2023	18	0	1	0	0	19
	2024	19	0	0	0	0	19
Nebraska	2022	3	0	0	0	0	3
	2023	3	0	0	3	0	0
	2024	0	0	0	0	0	0
North Carolina	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Ohio	2022	1	0	1	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	0	3
South Carolina	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Texas	2022	2	0	0	0	0	2
	2023	2	0	0	2	0	0
	2024	0	0	1	1	0	0
<b>Totals</b>	<b>2022</b>	<b>21</b>	<b>0</b>	<b>41</b>	<b>2</b>	<b>0</b>	<b>60</b>
	<b>2023</b>	<b>60</b>	<b>0</b>	<b>11</b>	<b>13</b>	<b>0</b>	<b>58</b>
	<b>2024</b>	<b>58</b>	<b>0</b>	<b>1</b>	<b>31</b>	<b>0</b>	<b>28</b>

<sup>(1)</sup> After being acquired from franchisees, these two locations were closed. One of these locations has been re-opened under a different brand (Express Oil Change & Tire Engineers) and the other may be reopened in the future under a different brand (Mavis Tires & Brakes).

**Table No. 5**  
**Projected Openings as of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Florida	0	0	0
Illinois	0	0	0
Michigan	0	7	0
North Carolina	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Tennessee	0	0	0
Wisconsin	0	1	0
<b>Totals</b>	<b>0</b>	<b>8</b>	<b>0</b>

The information in the tables in this Item 20 is as of December 31st of each year.

The Company-Owned Outlets referred to in the tables and elsewhere in this disclosure document were owned by us and our former affiliate, Tuffy Associates Corp.

As of December 31, 2024, we had not sold any Area Development franchises.

The names of all franchisees and the addresses and telephone numbers of their franchises are listed on Exhibit K. This list also includes units owned by us.

A list of the name, city, state and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a License Agreement during 2024 or who has not communicated with us within 10 weeks of our application date (or the date of this Franchise Disclosure Document, if this Franchise Disclosure Document is not for use in a state requiring registration of franchises), is attached as Exhibit L. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years we have signed confidentiality clauses with current or former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

We have created and endorsed a franchisee organization known as the Franchise Advisory Council of Tuffy (FACT). The chairman of FACT is Benjamin Thorington, 435 N. Beacon Boulevard Grand Haven, Michigan 49417, (231) 218-0672. Other than FACT, there are no trademark- specific franchisee organizations associated with the Tuffy franchise system that have been created, sponsored or endorsed by us or that have asked to be included in our Franchise Disclosure Document.

## **ITEM 21--FINANCIAL STATEMENTS**

The financial statements below are attached as Exhibit M. These are not our financial statements but, instead, the financial statements of our affiliate, Express Oil Change Franchise, LLC, who has issued a Guaranty of Performance of our obligations. The Guaranty of Performance is also attached as part of Exhibit M.

- The Audited Balance Sheets as of December 31, 2024 and December 31, 2023, and the related Audited Statements of Income, Net EOC Group Investment, and Cash Flows for the years ended December 31, 2024 and December 31, 2023.
- The Audited Balance Sheets as of December 31, 2023 and December 31, 2022, and the related Audited Statements of Income, Net EOC Group Investment, and Cash Flows for the years ended December 31, 2023 and December 31, 2022.

## **ITEM 22--CONTRACTS**

The following contracts are attached to this Franchise Disclosure Document:

- License Agreement -- Exhibit C
  - Legal Entity Form – Appendix B to License Agreement
  - Guaranty and Subordination Agreement – Appendix C to License Agreement
  - Disclosure Acknowledgment Statement – Attachment to License Agreement
- Addendum to License Agreement - Renewal -- Exhibit D
- Addendum to License Agreement - Transfer -- Exhibit E
- Area Development Agreement -- Exhibit F
- License Termination and Mutual Release Agreement – Exhibit G
- Sublease -- Exhibit H
- Lease Addendum -- Exhibit I
- State Specific Addenda to Agreements -- Exhibit N

## **ITEM 23--RECEIPTS**

Two (2) copies of a Receipt, which acknowledges your receipt of this Franchise Disclosure Document, including all Exhibits, are attached as Exhibit O. You must date and execute one copy of the Receipt and deliver it to us.

**LIST OF STATE ADMINISTRATORS**

**EXHIBIT A**

**LIST OF STATE ADMINISTRATORS**

<p><b><u>CALIFORNIA</u></b></p> <p>Corporations Commissioner          Department of Corporations          320 West 4<sup>th</sup> Street, Suite 750          Los Angeles, California 90013          (866) 275-2677</p>	<p><b><u>HAWAII</u></b></p> <p>Commissioner of Securities          Department of Commerce and          Consumer Affairs          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>
<p><b><u>ILLINOIS</u></b></p> <p>Illinois Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b><u>INDIANA</u></b></p> <p>Indiana Secretary of State          Securities Division, Room E 111          302 West Washington Street          Indianapolis, Indiana 46204          (317) 232-6681</p>
<p><b><u>MARYLAND</u></b></p> <p>Office of Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202          (410) 576-7042</p>	<p><b><u>MICHIGAN</u></b></p> <p>Franchise Administrator          Consumer Protection Division          Michigan Department of          Attorney General          670 Law Building          Lansing, Michigan 48913          (517) 373-7117</p>
<p><b><u>MINNESOTA</u></b></p> <p>Commissioner          Minnesota Department of Commerce          85 7th Place East, Suite 500          St. Paul, Minnesota 55101-2198          (651) 296-4026</p>	<p><b><u>NEW YORK</u></b></p> <p>New York State Department of Law          120 Broadway, 23rd Floor          New York, New York 10271          (212) 416-8211</p>
<p><b><u>NORTH DAKOTA</u></b></p> <p>Securities Department          600 East Boulevard, Fifth Floor          Bismarck, North Dakota 58505          (701) 328-2910</p>	<p><b><u>OREGON</u></b></p> <p>Department of Consumer and          Business Services          Division of Finance and          Corporate Securities          Labor and Industries Building          Salem, Oregon 97310          (501) 378-4387</p>
<p><b><u>RHODE ISLAND</u></b></p> <p>Superintendent of Securities          Division of Securities          233 Richmond Street, Suite 232          Providence, Rhode island 02903          (401) 277-3048</p>	<p><b><u>SOUTH DAKOTA</u></b></p> <p>Department of Labor and Regulation          Division of Securities          124 S. Euclid, Suite 104          Pierre, South Dakota 57501          (605) 773-4823</p>

<p><b><u>VIRGINIA</u></b></p> <p>State Corporation Commission  Division of Securities and Retail Franchising  1300 E. Main Street, Ninth Floor  Richmond, Virginia 23219  (804) 371-9051</p>	<p><b><u>WASHINGTON</u></b></p> <p>Department of Financial Institutions  General Administration Building  Securities Division - 3rd Floor West  210 11th Street, S.W.  Olympia, Washington 98504  (360) 902-8760</p>
<p><b><u>WISCONSIN</u></b></p> <p>Department of Financial Institutions  Division of Securities 4<sup>th</sup> Floor  345 W. Washington Avenue  Madison, Wisconsin 53703  (608) 266-1064</p>	

**LIST OF AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT B**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

<p><b><u>ALABAMA</u></b>  Corporation Service Company  641 South Lawrence Street  Montgomery, Alabama 36104</p>	<p><b><u>DELAWARE</u></b>  Corporation Service Company  251 Little Falls Drive  Wilmington, Delaware 19808</p>
<p><b><u>FLORIDA</u></b>  Corporation Service Company  1201 Hays Street  Tallahassee, Florida 32301-2525</p>	<p><b><u>ILLINOIS</u></b>  Illinois Attorney General  500 South Second Street  Springfield, Illinois 62706</p>
<p><b><u>INDIANA</u></b>  Indiana Secretary of State  201 State House  200 West Washington Street  Indianapolis, Indiana 46204</p>	<p><b><u>IOWA</u></b>  Corporation Service Company  505 5<sup>th</sup> Avenue, Suite 729  Des Moines, Iowa 50309</p>
<p><b><u>MARYLAND</u></b>  Maryland Securities Commissioner  200 St. Paul Place, 20th Floor  Baltimore, Maryland 21202-2020</p>	<p><b><u>MICHIGAN</u></b>  Corporation Service Company  2900 West Road, Suite 500  East Lansing, Michigan 48823</p>
<p><b><u>MINNESOTA</u></b>  Minnesota Commissioner of Commerce  85 7<sup>th</sup> Place East, Suite 500  St. Paul, Minnesota 55101-2138</p>	<p><b><u>NEBRASKA</u></b>  Corporation Service Company  233 South 13<sup>th</sup> Street  Lincoln, Nebraska 68508</p>
<p><b><u>NEW YORK</u></b>  Secretary of State  of the State of New York  41 State Street  Albany, New York 12231</p>	<p><b><u>NORTH CAROLINA</u></b>  Corporation Service Company  2626 Glenwood Ave., Suite 550  Raleigh, North Carolina 27608</p>
<p><b><u>NORTH DAKOTA</u></b>  Securities Department  600 East Boulevard, Fifth Floor  Bismarck, North Dakota 58505</p>	<p><b><u>OHIO</u></b>  Corporation Service Company  3366 Riverside Drive, Suite 103  Upper Arlington, Ohio 43221</p>
<p><b><u>SOUTH CAROLINA</u></b>  Corporation Service Company  508 Meeting Street  West Columbia, South Carolina 29169</p>	<p><b><u>SOUTH DAKOTA</u></b>  Director  Division of Securities  Department of Labor and Regulation  124 S. Euclid, Suite 104  Pierre, South Dakota 57501</p>
<p><b><u>VIRGINIA</u></b>  Clerk of the State Corporation Commission  1300 East Main Street, 1st Floor  Richmond, Virginia 23219</p>	<p><b><u>WISCONSIN</u></b>  Department of Financial Institutions  Division of Securities 4<sup>th</sup> Floor  345 W. Washington Avenue  Madison, Wisconsin 53703</p>

**LICENSE AGREEMENT**

**EXHIBIT C**

**GIMEX PROPERTIES CORP., INC.**

**LICENSE AGREEMENT**

*You must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, unless you received Tuffy's Franchise Disclosure Document at least 15 calendar-days before the date you sign. If you are a resident of or your franchise will be located in Indiana, Iowa, Maryland, Michigan, New York, Oklahoma and Rhode Island, Washington or Wisconsin, you must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, unless you received Tuffy's Franchise Disclosure Document before the earliest of: (a) 10 business days before the date you sign; or (b) 15 calendar-days before the date you sign. If any of the terms of this License Agreement or any other agreements relating to the franchise, such as a sublease, differ materially from those presented in the documents attached to the Franchise Disclosure Document delivered to you (other than terms you negotiated with Licensor), then you must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, until you have had the signature copy of the agreement in your possession at least 8 calendar days before you sign. If you sign this License Agreement or any other agreements relating to the franchise, such as a sublease, sooner than these dates, the signed agreement will be returned to you and you will be asked to re-sign the agreement.*

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**GIMEX PROPERTIES CORP., INC.**  
**LICENSE AGREEMENT**

THIS AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by GIMEX PROPERTIES CORP., INC., a Delaware corporation with its principal office at 7071 W. Central Avenue, Suite C, Toledo, Ohio, 43617 ("Licensor"), and \_\_\_\_\_, with its principal office at \_\_\_\_\_, the owners, percentage ownership, partners, directors and officers of which are listed on the attached Legal Entity Form ("Licensee").

**INTRODUCTION**

**Franchise System.**

Licensor licenses a system for operation of an automotive repair business that sells, installs and services automotive exhaust systems, brakes, front end, steering and suspension, alignment, air conditioning, engine diagnostics, batteries, tires and other automotive products and services. The distinguishing characteristics of the system include the Licensor's trademarks and logos, training, operation procedures, promotional techniques and materials, location analysis, building design and layout, record keeping and reporting. The system may be updated and revised by Licensor periodically. The system that Licensor may authorize from time to time will be referred to in this Agreement as the "System" or the "Tuffy System." A business operated under the Tuffy System, whether operated by Licensor, an affiliate of Licensor or a person authorized by Licensor, will be referred to in this Agreement as a "Center." The Center that Licensee is authorized to operate under this Agreement will be referred to in this Agreement as the "Franchise Business."

**Trademarks.**

Licensor is the owner of numerous federally registered trademarks and service marks for the "Tuffy" name and logo and is also the owner of other trademarks, trade names, logos, copyrights and the goodwill relating to these items, which are used to identify the Tuffy System and the Centers. Licensor may, in the future, develop and register additional trademarks, service marks and logos, which may be made available for use by Licensee. The trademarks and logos that Licensor may authorize from time to time for use in the Tuffy System will be referred to in this Agreement as the "Marks" or "Tuffy Marks." The current Tuffy Marks are described in Section 5.1 below.

**Acknowledgements of Licensee.**

Licensee recognizes the advantages of operating under the Tuffy System and Marks and desires to obtain the right to operate a Center. Licensee acknowledges that it received Licensor's Franchise Disclosure Document at least 14 days before the signing of this Agreement and that Licensee has been given the opportunity to clarify provisions in this Agreement and to consult with an attorney or other professional advisor. Licensee represents that it understands and agrees to be bound by the terms and obligations of this Agreement.

## **ARTICLE ONE – GRANT OF LICENSE**

### **1.1 Grant of License.**

Licensor grants to Licensee the right to use the Tuffy Marks and the Tuffy System in connection with the operation of a single Center in accordance with this Agreement and the Operations Manual of Licensor (as defined in Section 9.1) at the location designated on Appendix A or chosen pursuant to Article Six.

### **1.2 Non-Exclusivity of License; Protected Area.**

This License is non-exclusive. Licensor retains the right to operate and license others to operate Centers at any other locations, except that Licensor will not operate or license others to operate Centers under the Tuffy Marks during the term of this Agreement within the “Protected Area.” Unless otherwise specified in Item 2 of Appendix A, the Protected Area is the geographic area within a circle that is drawn around the Licensed Location, has the center of the Licensed Location as its centerpoint and has a radius of three miles; provided that, the Protected Area excludes any Centers existing or under development as of the date of this Agreement. Licensor reserves the right to use the Tuffy Marks in trade shows, fairs or similar commercial exhibits within the Protected Area. Designation of the Protected Area does not grant to Licensee exclusivity of marketing territory or clientele. All Centers may sell their products and services to any customer. All rights not expressly granted to Licensee in this Agreement are reserved to Licensor, including the right to: (1) operate and authorize others to operate businesses using the Tuffy Marks at any location outside the Protected Area, if any; and (2) operate and authorize others to operate businesses that are the same or similar to the Franchise Business under names or trademarks other than the Tuffy Marks at any location inside or outside the Protected Area.

## **ARTICLE TWO – TERM AND OPTION**

### **2.1 Initial Term.**

The term of this Agreement will begin on the date of this Agreement and continue for the period set forth in Item 3 of Appendix A unless sooner terminated as provided in this Agreement. Unless otherwise stated in Item 3 of Appendix A, the initial term will continue until 15 years after Licensee opens the Franchise Business for business. A different term may be stated in Item 3 of Appendix A to coordinate the term of this Agreement with the term of the lease for the Licensed Location or as otherwise agreed by the parties.

### **2.2 Renewal Terms.**

Subject to the consent of Licensor, the rights of Licensee under this Agreement will automatically renew for the additional period or periods specified below or in Item 3 of Appendix A unless Licensee notifies Licensor in writing, at least 180 days before the end of the then expiring term, that it elects to not renew the franchise. Unless otherwise stated in Item 3 of Appendix A, there will be three renewal periods of five years each. Different renewal periods may be stated in Item 3 of Appendix A to coordinate the renewal terms of this Agreement with the renewal terms of the lease for the Licensed Location or as otherwise agreed by the parties.

Licensor will notify Licensee in writing at least 90 days before the end of the then expiring term if Licensor does not consent to the renewal. Licensor agrees that it will not unreasonably withhold its consent to the renewal. The parties agree that valid reasons for Licensor to withhold consent to renewal include, but are not limited to: (i) Licensee is then in default under this Agreement; (ii) Licensee or any corporation, partnership, limited liability company or other entity

controlled by or under common control with Licensee or one or more of the owners of Licensee is in default under any other obligation owed to Licensor or its affiliates; (iii) Licensee has, on numerous occasions, failed to timely pay its obligations to Licensor under this Agreement or any other agreement; (iv) Licensee has, during the previous 12 month period, received one or more notices of default of any obligations owed to Licensor, whether or not those defaults were cured; (v) Licensee has not operated the Franchise Business in accordance with Licensor's standards; (vi) Licensee has had an excessive number of customer complaints; and (vii) Licensor has reasonable concerns about the financial condition or creditworthiness of Licensee.

Licensor may, by written notice to Licensee at least 90 days before the end of the then expiring term, impose some or all of the following conditions to renewal:

(a) Licensee executes a general release, in a form specified by Licensor, of any and all claims against Licensor, its subsidiaries and affiliates, and their respective officers, directors, agents, members and employees.

(b) Licensee has signed and delivered to Licensor, within thirty (30) days of receipt from Licensor, Licensor's standard license agreement in use by Licensor at the time of renewal together with such other documents as are then customarily used by Licensor to grant new franchises, all of which will replace this Agreement. If Licensor does not impose this condition, this Agreement will continue in full force and effect during the renewal term.

(c) Licensee complies with all standards then in effect for the approval of a new Center, including, but not limited to, decor and premises renovation as well as equipment modernization.

If Licensee elects not to renew this Agreement or does not meet any renewal conditions listed above imposed by Licensor or if Licensor does not consent to renewal, the franchise relationship between Licensor and Licensee will automatically terminate on completion of the then expiring term.

## **ARTICLE THREE – FEES, ROYALTIES AND OTHER EXPENSES**

### **3.1 Payments Made to Licensor.**

Licensee must pay to Licensor during the term of this Agreement the following fees, royalties and charges:

**(a) Initial License Fee.**

The sum of Thirty Thousand (\$30,000) Dollars as the initial License fee. The initial license fee must be paid no later than the date of execution of this Agreement by Licensee. Except as provided in Section 6.1 of this Agreement, the initial license fee is not refundable after execution of this Agreement by Licensor.

**(b) Royalty.**

A royalty for the use of the Tuffy Marks and the Tuffy System of: (i) two and one half (2.5%) percent of the gross sales of the Franchise Business for the first 180 days of operation of the Center; and (ii) five (5%) percent of the gross sales of the Franchise Business for all other time periods. Licensee will only be entitled to the reduced royalty under subsection (i) of this paragraph if the Center has not been previously operated (for

example, the reduced royalty will not apply on renewal or transfer of a previously existing Center). If the Center has been previously operated, Licensee must pay a royalty of 5% of gross sales of the Franchise Business for all time periods. Gross sales means the total gross sales of all products or services sold at or from the Franchise Business or bearing the Tuffy Marks, irrespective of collection, but excluding all sales tax collected from the customer. Gross sales include all sales, regardless of the form of payment. For example, payments by cash, check, credit, trade credit, barter, etc. are all included in gross sales. Gross sales may be further defined in the Operations Manual. The royalty must be paid on or before Wednesday of each week based on the gross sales for the preceding calendar week.

Notwithstanding the foregoing, Licensee is only required to pay a royalty of one (1%) percent on gross sales arising from the sales of tires and batteries. Licensee must pay the full royalty specified in the preceding paragraph on gross sales arising from all products or services arising from or related to the sale of tires and batteries, such as tire balancing, tire rotation, replacing tire valve stems, wheel alignments, starters, alternators, regulators, replacing alternator belts, etc.

**(c) Initial Advertising Fee.**

An initial advertising fee of Ten Thousand (\$10,000) Dollars to Twenty Thousand (\$20,000) Dollars to be used as described in Section 10.1. Licensor will specify the amount of this fee based on the size and media offerings of the market in which Licensee's Franchise Business is located. This fee must be paid before Licensee begins the initial training program and is not refundable.

**(d) Advertising Fund Contribution.**

A contribution to an advertising fund ("Advertising Fund") of five (5%) percent of gross sales (as defined above). The Advertising Fund contribution must be paid on or before Wednesday of each week based on the gross sales for the preceding calendar week.

Notwithstanding the foregoing, Licensee is only required to pay an Advertising Fund contribution of one (1%) percent on gross sales arising from the sales of tires and batteries. Licensee must pay the full five (5%) percent Advertising Fund contribution on gross sales arising from all products or services arising from or related to the sale of tires and batteries, such as tire balancing, tire rotation, replacing tire valve stems, wheel alignments, starters, alternators, regulators, replacing alternator belts, etc.

**(e) Late Charge and NSF Fees.**

A late charge of one and one-half (1.5%) percent per month for payments not timely paid to Licensor. Licensor will also have the right to charge Licensee for any NSF fees incurred by Licensor as a result of Licensee's actions and additional reasonable administrative fees for dealing with NSF payments by Licensee. The collection of late charges and NSF fees will not be the sole remedy of Licensor for late or NSF payments.

**(f) Audit Fee and Surcharge.**

If an audit of Licensee's operations reveals that not all sales subject to royalty have been reported during a reporting period, Licensee must pay to Licensor a surcharge of twenty-five (25%) percent of the amount of the royalty and Advertising Fund contribution on the unreported sales. If sales for any reporting period are misstated by two (2%) percent or more or if the audit was made necessary by Licensee's failure to furnish reports,

financial statements, or tax returns,, Licensee must pay to Licensor the cost of the audit, including, without limitation, any travel expenses, meals, lodging and compensation of Licensor's employees or agents and reasonable accounting and attorney's fees. The surcharge and audit fee must be paid by Licensee to Licensor in addition to the unpaid royalty and Advertising Fund contribution found to be due. The imposition of an audit fee and/or surcharge will not be the sole remedy of Licensor for under reporting.

**(g) Method of Payment.**

Royalty, advertising fund payments, and other periodic payments payable by Licensee to Licensor, including payments due under a lease or sublease for the Licensed Location, must be paid by electronic or similar funds transfer in the appropriate amounts from Licensee's bank account to such accounts, and at such places or in such manner as Licensor may specify from time to time. Licensee must sign and deliver to its bank and to Licensor those documents necessary to authorize such transfers as specified by Licensor. Licensee agrees that it will not terminate such authorization as long as the License Agreement is in effect. Licensee agrees that it will not close its bank account without prior written notice to Licensor and the establishment of a substitute bank account for the transfers. Licensee also agrees that if a direct electronic funds transfer or other withdrawal program is not available at the bank at which Licensee currently does business, Licensee will take all reasonable and necessary steps to establish an account at a bank that does have such a program.

**(h) Application of Payments.**

Licensor may apply any payments made by Licensee to Licensor for royalty, advertising fund payments, lease or sublease payments, purchases from Licensor, interest, late charges, or any other obligation of Licensee to Licensor to the obligation and in the manner chosen by Licensor, regardless of any other designation by Licensee.

**(i) Time Period for Disputing Statements.**

Licensor will send Licensee statements on a periodic basis showing amounts owed by Licensee for royalty, advertising fund contributions, other charges under this Agreement, charges under a sublease for the Licensed Location, charges under any Promissory Notes issued to Licensor, late charges and NSF fees, amounts owed under any other agreements with Licensor and amounts owed for products or services provided by Licensor and all payments received from Licensee for the period covered by the statement. Licensee must notify Licensor within 30 days of receipt of each statement if Licensee disputes or questions any amounts owed or payments shown on the statement or the total amount due as shown on the statement. If Licensee does not notify Licensor of any disputes or questions within the 30 day period, Licensee agrees that the statement is correct and waives any right Licensee may have to dispute or question any amounts owed or payments shown on the statement.

**3.2 No Set-Off.**

Licensee's obligation to timely pay the fees to Licensor is absolute and unconditional. Licensee must not delay or withhold the payment of all or part of any fees due to Licensor for any reason or put the same in escrow or set-off against any claim or claims Licensee may allege against Licensor.

## **ARTICLE FOUR – REPORTS, RECORDS, RIGHT OF ACCESS AND AUDIT**

### **4.1 Reports.**

Licensee must use the standard reporting system and forms designated by Licensor. Licensee must purchase invoices, estimate forms, warranties and/or other forms from Licensor if designated by Licensor. Licensee must provide to Licensor, at the time and in the manner specified below or as otherwise specified by Licensor: (a) a complete statement of gross sales and any other information specified by Licensor for the preceding week; (b) copies of all sales or similar tax returns when filed; (c) a quarterly profit and loss statement (“P&L”) and balance sheet (the P&L and balance sheet must be provided monthly if specified by Licensor); (d) a copy of an annual financial statement for Licensee accompanied by a review letter of a certified public accountant within 120 days of the close of Licensee's fiscal year; and (e) a true copy of the Licensee's Federal Income Tax Return, within 120 days of the close of Licensee's fiscal year. Licensor may require Licensee, at Licensee's expense, to have monthly P&L's and balance sheets prepared on the format specified by Licensor and by an accounting services company specified by Licensor (which may be Licensor's auditing firm). If required, these P&L's and balance sheets must be provided to Licensor for each calendar month within 30 days of the end of that calendar month. Licensor may receive these P&L's and balance sheets directly from the accounting services company and Licensee authorizes the accounting services company to disclose those P&L's and balance sheets to Licensor. Other requirements relating to reporting may be set forth by Licensor in the Operations Manual.

### **4.2 Point of Sale and Computer Equipment; Internet Access.**

Licensee must purchase or lease and use the point of sale electronic and/or computer systems and other such equipment Licensor specifies for the operation of the Franchise Business. In addition, Licensor may develop point of sale electronic and/or computer systems and specifications for certain components of the point of sale electronic and/or computer systems in the future and may modify such specifications and the components of the point of sale electronic and/or computer systems. As part of the point of sale electronic and/or computer systems, Licensor may require Licensee to obtain specified computer hardware and/or software including, without limitation, a license to use proprietary software developed by Licensor or others. Modification of the specifications for the components of the point of sale electronic and/or computer systems may require Licensee to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the point of sale electronic and/or computer system during the term of this Agreement. All such point of sale electronic and/or computer systems must be compatible with Licensor's system as modified from time to time, must be connected to Licensor's facilities by internet access, and must be maintained and used in compliance with Licensor's specifications. Within 90 days after Licensee receives notice from Licensor, Licensee agrees to obtain and have operational the components of the point of sale electronic and/or computer system that Licensor specifies; provided that, Licensee will not be required to spend more than Fifteen Thousand (\$15,000) Dollars for additional or different point of sale electronic and/or computer systems during the term of this Agreement.

Licensor will have the right to independently access the sales information and other data produced by the point of sale electronic and/or computer systems specified by Licensor and there are no contractual limitations on Licensor's right to access and use that information and data. Licensee must provide Licensor access to the information on the point of sale electronic and/or computer systems in the manner specified by Licensor and must supply Licensor with any and all security codes necessary to obtain such access. Licensor may retrieve, analyze, download and use the software and all data on the Licensee's point of sale electronic and/or computer systems at

any reasonable times as long as such access does not unreasonably interfere with the operation of the Licensee's business. Licensee must maintain Internet access at all times in the manner specified by Licensor for communication with customers and Licensor by email or other electronic means and, if specified by Licensor, to allow Licensor to access information from Licensee's point of sale electronic and/or computer system.

#### **4.3 Records.**

Licensee agrees to keep true, complete and correct books of account, business records, records of gross sales and customer records, in accordance with the methods and procedures designated by Licensor and generally accepted accounting principles.

#### **4.4 Customer Personal Data.**

If Licensor requests, Licensee must provide Licensor with all Customer Personal Data and other information about your customers. Customer Personal Data must be provided in the manner and format specified by Licensor, which may include having Licensee deliver written or electronic copies or Licensor's remotely accessing the information on Licensee's computer systems. Licensor may also access and obtain the Customer Personal Data from Licensee's records (including computer records) and from software and other service providers that can provide Licensor access to that information.

#### **4.5 Inspection by Licensor.**

To determine whether Licensee is complying with this Agreement, and/or to determine whether Licensee is complying with all applicable specifications and quality standards in connection with Licensee's use of the Tuffy Marks and System, Licensor or its designated agents have the right, at any reasonable time and without prior notice, to:

- (a) Inspect all aspects of Licensee's business, including but not limited to, all books, records, facilities, business equipment, materials and services and all other matters relating to Licensee's obligations under this Agreement or to the use of the Tuffy Marks and the Tuffy System.
- (b) Observe Licensee and any employees of Licensee during the performance of any job.
- (c) Inspect any job performed by Licensee.
- (d) Contact and interview customers of Licensee.

Licensor may require that Licensee furnish its customers with an evaluation form specified by Licensor pre-addressed to Licensor. Licensee must fully cooperate with representatives of Licensor making any inspection or observing the work of Licensee or its employees.

#### **4.6 Audit.**

Licensor will have the right to enter upon, examine, copy and audit all of Licensee's books and records, including but not limited to, bank statements, computer reports, financial statements, accountant's reports and work sheets, invoices, charge receipts, deposit receipts, copies of reports sent to Licensor, daily sales reports, purchase invoices, cancelled checks and check books, all general ledgers, cash receipts and cash disbursements, personnel files of past and present employees, other accounting records and all other records relating to Licensee's business. Licensor need not give notice prior to such examination and audit, but such

examination and audit must be made at reasonable times. Licensor will not unreasonably interfere with the business activities of the Licensee while conducting the audit. Licensee must cooperate fully with Licensor in providing access and in the conduct of any audit. Surcharge and audit costs may be payable on unreported royalties and Advertising Fund contributions as set forth in Section 3.1(f).

**4.7 Credit Reports and Background Checks.**

Licensee hereby authorizes Licensor to obtain the credit reports and/or to perform background checks of Licensee and the Principals of Licensee at any time during the term of this Agreement and within one year after expiration or termination of this Agreement. Licensee and its Principals agree to cooperate and to sign any additional authorizations that may be necessary to enable Licensor to obtain the credit reports and/or to perform the background checks.

**ARTICLE FIVE – USE AND PROTECTION OF TUFFY MARKS**

**5.1 Description and Acknowledgement of Marks.**

The Tuffy Marks include the trade names "Tuffy," "Tuffy Tire & Auto Service," "Tuffy Auto Service Centers," "Tuffy Service Centers," "Tuffy Mufflers," and the following Marks of Licensor which have been registered with the United States Patent Office:

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
TUFFY	922,985	October 26, 1971
TUFFY and design	1,090,273	May 2, 1978
TUFFY	1,491,523	June 7, 1988
Tuffy Auto Service Centers and design	1,599,906	June 5, 1990
Done Right. Period.	4,412,206	October 1, 2013
Tuffy Tire & Auto Service and design	4,600,233	September 9, 2014

Licensee acknowledges the validity of the Tuffy Marks and acknowledges that the Tuffy Marks are the sole property of Licensor. Licensee agrees that any further rights that may develop in any of the Tuffy Marks in the future will inure to the benefit of Licensor. Licensee agrees to promptly notify Licensor of any unauthorized use of the Tuffy Marks, or any name or mark confusingly similar to the Tuffy Marks, or any claim or litigation against Licensee involving the Tuffy Marks. Licensee acknowledges that Licensor will have the right to control any negotiations, proceedings or litigation involving the Tuffy Marks. If Licensor undertakes the expense or chooses to prosecute any violation of the Tuffy Marks, Licensee must execute all documents and do all acts necessary or incidental to that action as counsel for Licensor may reasonably request.

Licensor will indemnify Licensee against liability to third parties resulting from claims by third parties that the Licensee's use of the Tuffy Marks infringes trademark rights of the third party, but only if (a) Licensee has used the Tuffy Marks in accordance with the requirements of this Agreement and the Operations Manual and (b) Licensee has provided notice to Licensor of the claim within 10 days of receipt by Licensee of the claim and Licensee has tendered the defense of the claim to Licensor.

## **5.2 Use of Marks.**

Licensee must use the Tuffy Marks only in connection with the operation of the Franchise Business pursuant to the Tuffy System and the sale of the products and services authorized by Licensor, and only in the manner specified in this Agreement or the Operations Manual. Licensee's Franchise Business must be operated under the Marks and under no other name or mark. Licensee must not use the Tuffy Marks in connection with any products or services not specifically authorized by Licensor in writing. Licensee must not reproduce or cause to be reproduced any Tuffy Marks in any manner, including production on diagnostic forms, invoices, repair orders, warranties and in connection with advertising or on the Internet or in an Internet domain name, homepage, electronic address or otherwise in connection with a website, or in connection with any social networks, wikis, podcasts, online forums, content sharing communities, blogging, microblogging or other social media, such as, without limitation LinkedIn, X, You Tube, TikTok, Facebook, Instagram, Smapchat, Threads, and all other social media platforms now existing or later created, without the prior written approval of Licensor. Licensee shall not use the Tuffy Marks in its business, corporate, partnership or assumed name. Whenever using the Tuffy Marks Licensee must identify the Tuffy Marks as being registered in accordance with the standards established by Licensor.

Licensee agrees that all sign faces and other items bearing the Tuffy Marks are the sole property of Licensor. On expiration or termination of this Agreement, Licensee must deliver to Licensor or destroy sign faces and other items bearing the Tuffy Marks.

## **5.3 Modification or Substitution of Marks.**

Licensor may, in its sole discretion, change the Tuffy Marks licensed to Licensee, or substitute different trademarks for the Marks, by executing, in the form of an addendum, a description of the changes or substitutions and the goods or services to which they relate (if they do not relate to all goods and services). Licensee is required to utilize and abide by any changes or substitutions of the Marks. Any changes or substitutions of the Marks must be made on a uniform basis for all Centers in a particular market. Licensor will not be liable to Licensee for any expenses, losses or damages of Licensee as a result of any change or substitution of the Marks.

## **ARTICLE SIX – LOCATION OF FRANCHISE BUSINESS**

### **6.1 Location of Franchise Business; Licensor's Assistance.**

Licensee must operate the Franchise Business only at the location designated in Item 1 of Appendix A. In the event that the exact location of the Franchise Business has not been determined before execution of this Agreement, Licensee and Licensor must use their best efforts to find a suitable location for the Franchise Business within the Geographic Area designated in Item 1 of Appendix A. Licensee must only operate its Franchise Business at a location approved in writing by Licensor (the location designated in Item 1 of Appendix A or the location otherwise approved in writing by Licensor will be referred to in this Agreement as the "Licensed Location"). Licensor may provide its expertise and assistance in obtaining a location. However, Licensee is ultimately responsible for the location, whether or not Licensor assists Licensee in obtaining the location. It is Licensee's responsibility to research and evaluate the suitability and commercial value of the location for operation of Licensee's Franchise Business. Licensor's location recommendations and its procurement or approval of a location do not constitute a representation, warranty or guarantee of the commercial value or success of the Licensed Location.

If Licensee has not signed a lease or sublease or purchased the real estate for an approved location for the Franchise Business within 12 months of the date of this Agreement, then, for a period of 30 days after the end of the 12 month period, Licensor or Licensee may elect to terminate this Agreement on written notice to the other party. If Licensor or Licensee elects to terminate this Agreement within the 30 day period, Licensee will be entitled to a refund of the portion of the initial license fee paid by Licensee in excess of \$10,000 (e.g. if Licensee pays a \$30,000 fee, Licensee will receive a refund of \$20,000), but only if Licensee signs a License Termination and Mutual Release Agreement in the form specified by Licensor. Licensee will not be entitled to a refund of any portion of the initial license fee paid by Licensee under any other circumstances.

During the term of this Agreement, the Franchise Location must only be used by Licensee and solely for the purpose of operating a Center pursuant to the terms of this Agreement, unless otherwise approved in writing by Licensor.

## **6.2 Submission of Location for Approval.**

Any location chosen by Licensee will be deemed submitted for approval on receipt by Licensor of a proposed lease or purchase agreement that corresponds with the requirements of Article Seven.

## **6.3 Unusable or Unavailable Location.**

If the Licensed Location initially approved by Licensor is or becomes unusable or unavailable for the Franchise Business (for example, because of destruction of the Licensed Location or expiration or termination of the lease for the Licensed Location), Licensee must obtain written approval for a new site. If Licensee does not obtain written approval for a new site under those circumstances, this Agreement will terminate on conclusion of operation of the Franchise Business at the initially approved location.

## **ARTICLE SEVEN – OWNERSHIP AND/OR LEASING OF FRANCHISE BUSINESS; PHONE NUMBERS**

### **7.1 Licensor's Right to Own or Lease.**

Licensor will have the right, at Licensor's option, to purchase or lease the Licensed Location, or have an affiliate purchase or lease the Licensed Location, for lease or sublease to Licensee. Any such lease or sublease to Licensee will be on Licensor's standard form of lease or sublease. This provision applies even if Licensee owns the Licensed Location.

### **7.2 Lease Requirements.**

If Licensee leases the Licensed Location from a third party, Licensor will provide its expertise and assistance in negotiating the lease. The terms and form of Licensee's lease must be approved in writing by Licensor and the lease must not be assigned, terminated, renewed or in any way altered or amended by Licensee without the prior written consent of Licensor. Licensee's lease with a third party must contain provisions specified by Licensor, including;

(a) a provision prohibiting the lease from being assigned, terminated, renewed or in any way altered or amended without the prior written consent of Licensor;

(b) a provision prohibiting the leased premises from being used for any purpose other than a Center;

(c) a provision recognizing and allowing the rights of Licensor described in Sections 7.4, 13.3 and Article 15 of this Agreement;

(d) a provision requiring the Landlord to give written notice and opportunity for Licensor or a person designated by Licensor, to cure any default of the Licensee under the terms of the lease before exercising any remedy of the Landlord under the terms of the lease.

### **7.3 Assignment of Lease.**

Except in accordance with this Agreement, Licensee must not assign its lease or let or sublet the Licensed Location, or any portion of the Licensed Location, without the prior written consent of Licensor.

### **7.4 Assumption of Lease on Termination or Expiration.**

If this Agreement terminates or expires for any reason, other than a termination by Licensee for cause, Licensor will have the right to assume Licensee's status and replace Licensee as lessee of the Licensed Location. If Licensor exercises this right, Licensor must assume and hold Licensee harmless from all liability under the lease arising after the assumption by Licensor. If the Licensed Location is owned by Licensee or any corporation, partnership, limited liability company or other entity controlled by or under common control with Licensee or the owners of Licensee and this Agreement terminates or expires, for any reason, other than a termination by Licensee for cause, Licensor will have the option to lease the Licensed Location on substantially the same terms and conditions contained in Licensee's lease for the Licensed Location, or, if no such lease exists or if such lease contains commercially unreasonable terms, then on terms and conditions that are commercially reasonable. Licensor may exercise the option granted in this Section at any time within thirty (30) days following expiration or termination of this Agreement. Licensor may assign its rights under this Section to an affiliate of Licensor.

### **7.5 Phone Numbers.**

Licensor may, at its option, obtain and register in its name the phone number or numbers to be used at the Franchise Business. Licensee will still be responsible for all costs or charges for the installation, maintenance and use of the phone number or numbers.

### **7.6 Execution of Documents.**

Licensee must execute any documents specified by Licensor to accomplish any of the provisions of this Article Seven or to permit Licensor to record its rights in the real estate.

## **ARTICLE EIGHT – STORE OPENING OBLIGATIONS**

### **8.1 General Responsibilities.**

Once a location has been approved by Licensor, it is Licensee's duty to erect or adapt a building for the Franchise Business, if necessary, make the necessary improvements to insure that the Franchise Business complies with Licensor's specifications, obtain zoning and all permits or licenses required for construction and operation of the Franchise Business, purchase the signs, fixtures, equipment, inventory and supplies that may be specified by Licensor, hire employees and do all other acts necessary to commence operation of the Franchise Business.

## **8.2 Construction or Improvement of the Franchise Business.**

To the extent necessary, the Franchise Business must be constructed and/or improved by Licensee in compliance with Licensor's standards for decor, signage and space, which standards may be changed or updated. If an existing structure is being adapted or remodeled, Licensor must approve all remodeling plans, specifications, interior and exterior layouts and site plans before the beginning of construction work on the Franchise Business.

## **8.3 Signs, Equipment, Fixtures and Initial Inventory.**

Licensee must purchase and install all signs, equipment, fixtures and initial inventory that may be specified by Licensor before opening the Franchise Business.

## **8.4 Hiring Employees; Shop Set-Up.**

Licensee must hire and train employees for the Franchise Business. Licensor will assist Licensee in recruiting, interviewing, hiring and training Licensee's initial employees. Also, Licensor will provide one or more of its employees to assist in the set up of Licensee's Franchise Business for approximately one week prior to opening of the Franchise Business.

## **8.5 Opening Date.**

Unless there is a different date specified in Item 4 of Appendix A, Licensee must commence operation of the Franchise Business at the Licensed Location no later than: (a) 24 months from the date of this Agreement if Licensee signs a lease or sublease or purchases the real estate for an approved Licensed Location within 12 months from the date of this Agreement; or (b) 36 months from the date of this Agreement if Licensee does not sign a lease or sublease or purchase the real estate for an approved Licensed Location within 12 months from the date of this Agreement.

# **ARTICLE NINE – OPERATIONS**

## **9.1 Standards of Operation; Operations Manual.**

Licensee must, at all times, give prompt, courteous and efficient service to the public and must perform work competently and in a workmanlike manner. In all business dealings with the public, Licensee must be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct. If a dispute develops between Licensee and a customer, Licensor will have the right to evaluate the dispute and to make a determination of the manner in which such dispute will be resolved by Licensee and Licensee agrees to be bound by such determination.

Licensee must, at all times, comply with all lawful and reasonable policies, standards and procedures specified from time to time by Licensor in connection with the operation of Licensee's business, including, but not limited to, standards, techniques and procedures for: installing or servicing the products offered by Licensee or the rendering of services offered by Licensee; selection, supervision or training of all personnel; sales, advertising and promotional techniques, programs and procedures; construction, maintenance and appearance of the Franchise Business and the Licensed Location; policies and procedures relating to warranties or guarantees; payment, credit, accounting, and financial reporting policies and procedures; purchase and maintenance of signs, equipment, fixtures and inventory; hours and manner of operations; trademark and signage usage; insurance coverage; and other details of the relationship between Licensor and Licensee. These policies, regulations and procedures will be contained in the operations manuals of Licensor or in memos, bulletins, newsletters or other written materials prepared by Licensor (for purposes of this Agreement, all such written policies, regulations and procedures will be referred to as the "Operations Manual"). Licensee will be issued a copy of the

currently existing Operations Manual after execution of this Agreement. Licensee will be issued applicable modifications or additions to the Operations Manual as they become available. The Operations Manual, and all other manuals delivered to Licensee by Licensor, remain the property of Licensor, must not be duplicated, and must be destroyed on termination of this Agreement. Licensee must at all times ensure that its copy of the Operations Manual is kept current and up to date. If there is a dispute as to the contents of the Operations Manual, the terms and dates of the master copy of the Operations Manual maintained by Licensor at its place of business will be controlling.

Due to the nature of operations of a Center and the fact that the standards of operations must and do change, Licensor reserves the right to change the terms of the Operations Manual from time to time. The terms of the Operations Manual cannot change the terms of the License Agreement but will be in addition to those terms and will have the same effect as if set forth in this Agreement. If the Operations Manual is inconsistent with the License Agreement, the License Agreement will control. Licensor agrees that it will promulgate its policies, regulations and procedures in a reasonable and uniform manner.

### **9.2 Continuing Operation; Best Efforts.**

Licensee acknowledges that the reputation and goodwill of the Marks and System is based in large part on offering high quality products and services to its customers. Accordingly, Licensee shall use, provide, or offer for sale at the Franchise Business only those products, supplies, uniforms, proprietary apparel, proprietary promotional items, and other items, products and services that Licensor from time to time approves (and which are not thereafter disapproved) and that comply with our Operations Manual. Licensee must continually operate the Franchise Business in accordance with the provisions of this Agreement throughout the term of this Agreement. Licensee must use its best efforts to promote and maximize the sales of the Franchise Business throughout the term of this Agreement. Licensee must maintain at all times sufficient inventory, equipment, supplies and personnel to operate the Franchise Business at optimal capacity and efficiency as specified by Licensor.

### **9.3 Operational Assistance; Performance Assessment.**

Licensor will provide one or more employees to assist in the set-up and operation of Licensee's Franchise Business for approximately one week after the opening of the Franchise Business. Licensor's District Manager will periodically visit Licensee's Franchise Business throughout the term of this Agreement. During these visits, the District Manager will evaluate Licensee's operations and provide any operational advice and assistance deemed necessary by the District Manager. Licensor will provide guidance on the pricing of Licensee's products and services, if requested by Licensee. Licensee is not, however, required to follow Licensor's pricing guidelines. Licensor will also provide reasonable operational advice and assistance to Licensee by telephone, including advice on specific services or products, if requested by Licensee.

Licensor may require Licensee or a Principal of Licensee to attend a performance assessment after Licensee's Franchise Business has been in operation for approximately three months. If required, the performance assessment will take place over a one-day period at Licensor's office and Licensor will pay Licensee's travel costs for attending the performance assessment. During the performance assessment, Licensor will assess the financial and administrative aspects of Licensee's operations and provide advice and assistance deemed necessary by Licensor. Licensor will provide Licensee at least 14 days notice of the date and time of the performance assessment. Failure of Licensee to attend the performance assessment will constitute a material breach of this Agreement.

#### **9.4 Products and Services.**

Licensee must sell all products and provide all services that Licensor from time to time specifies for sale for the Franchise Business. Licensee must not sell any products, provide any services or engage in any business at the Licensed Location other than those specified by Licensor without specific written authorization from Licensor.

Licensee acknowledges that its use of products not approved by Licensor or purchased from sources not approved by Licensor causes harm to Licensor's goodwill and the Marks and System of Licensor. Licensee and Licensor agree, however, that such damage cannot be specifically calculated. As a result, Licensee agrees to pay to Licensor, as reasonable liquidated damages, Two Hundred (\$200) Dollars per day for each day that Licensee uses products not approved by Licensor or purchased from sources not approved by Licensor. Failure to pay such damages upon demand by Licensor will constitute a material breach of this Agreement.

Licensee shall use only the standard contracts, reports, marketing materials, stationary and printed material uniformly used by all licensees as specified by Licensor.

Licensor may expand or restrict the required or authorized products or services to be provided at the Franchise Business. Licensor must make all such changes for good faith marketing reasons on a uniform basis for similarly situated licensees.

#### **9.5 Maintenance; Refurbishing; Alterations.**

Licensee must maintain the appearance and cleanliness of the Licensed Location and the equipment, fixtures and signs for the Franchise Business in an attractive and safe condition and in good maintenance and repair and in compliance with the standards specified by Licensor. If at any time, in Licensor's reasonable judgment, the general state of repair, appearance or cleanliness of the Licensed Location or its equipment, fixtures or signs does not meet Licensor's standards, Licensor may notify Licensee in writing, specifying the action to be taken by Licensee to correct the deficiency. Licensee must initiate the specified action within 30 days after receipt of the notice and diligently proceed to complete the specified action. If Licensee fails to do so, then Licensor will have the right, in addition to its other rights under this Agreement, but will not be obligated to, enter the Licensed Location and cause the specified action to be taken on behalf of Licensee and Licensee must pay the entire cost to Licensor on demand.

In addition to regular maintenance obligations, within six months of Licensor's request, Licensee must, at Licensee's expense, refurbish the Licensed Location to maintain or improve the appearance and efficient operation of the Franchise Business, to increase its sales potential and to comply with Licensor's then current standards and identity. Refurbishing may include: (i) replacement of worn out or obsolete equipment, fixtures, furniture and signs; (ii) the substitution or addition of new or improved equipment, fixtures, furniture and signs; (iii) redecorating; (iv) repair of the interior and exterior of the premises; (v) structural modifications and remodeling of the premises; or (vi) modifications to the color, scheme or decor of the Franchise Business to conform to Licensor's then-current standards. Licensee will not be required to make aggregate expenditures for refurbishing or remodeling in excess of one and one-half percent (1.5%) of the gross sales of the Franchise Business from the date of its opening to the date of any required refurbishing or, except in connection with the renewal of the franchise, to effect any refurbishing of the Franchise Business during the last twelve (12) months of the term of the Franchise.

Licensee must make no material alterations to the leasehold improvements or appearance of the Licensed Location and must not make any material alterations to the equipment, fixtures or signs of the Licensed Location without prior written approval of Licensor. Licensor agrees not to unreasonably withhold such approval provided that the alterations are not inconsistent with Licensor's image and are not prohibited by Licensee's lease or by law.

#### **9.6 Source of Supply.**

Licensee must purchase all equipment, parts, inventory and supplies and services for the Franchise Business in accordance with specifications issued by Licensor and only from suppliers approved by Licensor. An authorized vendor will be any vendor who has met Licensor's standards relating to the composition of products, quality, packaging, performance, safety, uniformity, use of Tuffy Marks, reporting of shipments and other relevant standards established by Licensor and has been designated by Licensor in writing as an authorized vendor.

Licensee may request to have one or more vendors authorized by submitting to Licensor the information, samples or agreements necessary for Licensor's determination pursuant to the procedures specified by Licensor.

Licensor reserves the right for Licensor or its affiliates to receive rebates or other fees from approved suppliers based on sales of products or services to Centers. Licensee agrees that Licensor and its affiliates will have the right to collect all such rebates or fees and to use those rebates and fees for any purpose in Licensor's discretion.

#### **9.7 Managerial Responsibility.**

Unless otherwise stated in Item 5 of Appendix A, each individual owning an equity or voting interest of 10% or more of Licensee will be considered a principal of the Licensee (each a "Principal" and together the "Principals"). The Principals or at least one of the Principals must:

- (a) devote his/her/their full time and effort to the active management and operation of Licensee's Franchise Business;
- (b) preserve and exercise ultimate authority and responsibility with respect to the management and operation of Licensee's Franchise Business; and
- (c) represent and act on behalf of Licensee in all dealings with Licensor.

In the event of the resignation, death or incapacity of all of the individuals named in Item 5 of Appendix A, the transfer provisions contained in Article Thirteen will apply.

If Licensee desires to have a Manager, other than a Principal, devote full time and effort to the management and operation of Licensee's Franchise Business, the manager must be approved, in writing, by Licensor. Licensor has the right to require the Manager to successfully complete Licensor's training program as a condition to approval of the Manager. Any change in such management personnel must be approved, in writing, by Licensor.

#### **9.8 Insurance.**

Licensee must obtain and provide Licensor with certificates of insurance (on the standard Accord form) in the amounts and with the coverages specified by Licensor. The insurance must be issued by insurance providers rated A-7 or better by Best's Insurance Review. Certificates of this insurance must be initially provided at least ten (10) days prior to the opening of the Franchise

Business. Certificates of renewal must be provided no later than ten (10) days before the expiration date of each policy. If Licensee does not provide Licensor with certificates of any insurance policies at any due date, Licensor may purchase the insurance at the Licensee's expense. Licensee must immediately pay for the insurance by paying the insurance broker selected by Licensor directly, or by paying Licensor if Licensor has paid for the insurance.

Each insurance policy must name Licensor as an additional insured and must provide that Licensor will be given sixty (60) days notice before cancellation, modification or amendment of the policy.

### **9.9 Compliance with Laws.**

Licensee must obtain and keep in force every registration, charter, license or permit required for construction and operation of the Franchise Business. Licensee must comply with all federal, state, county, municipal or other statutes, laws, ordinances, regulations, rules or orders applicable to Licensee's Franchise Business.

### **9.10 Warranties.**

Licensor has developed certain product and service warranties to customers of Centers, which the parties acknowledge to be necessary for the successful operation of Centers. Licensee agrees that the Franchise Business will furnish all warranties authorized by Licensor to all customers of the Franchise Business who qualify therefore and fully, accurately and clearly inform its customers with respect to such warranties in accordance with policies and procedures from time to time prescribed by Licensor. The Franchise Business must not furnish any warranty in connection with the installation of any brand of muffler, exhaust system component, shock absorber or ride control product, brake system component or any automotive part that is not approved by Licensor. Licensee further agrees to honor at its expense all proper claims under such authorized warranties issued by the Franchise Business, other Centers or muffler shop operations under a common warranty program with Licensor and Centers. Furthermore, Licensee agrees to replace all components and parts and perform all labor and services in accordance with the terms and conditions of, and otherwise to fully comply with obligations of Centers under such warranties. Licensor will prescribe, and may revise from time to time, policies and procedures to be followed by Centers in connection with the delivery, validation and honoring of authorized warranties. Licensee agrees to fully comply with all such policies and procedures including those necessary to assure customer satisfaction in connection with warranty claims made.

Licensee may issue greater warranties than those authorized from time to time by Licensor, provided such warranties have been approved in writing by Licensor and Licensee fully, clearly and conspicuously informs each customer to whom such a greater warranty is issued that it exceeds the warranty or guarantee authorized for Centers and to the extent of the excess, will be honored only by Licensee. To the extent that any warranty issued by Licensee exceeds the comparable authorized warranty, Licensee will have sole responsibility to the customer to whom such warranty is issued and neither Licensor nor any other Center will have any obligation to such customer or Licensee. Notwithstanding the foregoing, Licensee agrees to reimburse Licensor on demand for any credits granted to other Centers for materials and labor utilized in honoring any such greater warranty.

In the event of a dispute between any customer of Licensee and Licensee over any warranty issued by Licensee or any other Center, Licensor will have the right to evaluate the

dispute and to make a determination of the manner in which such dispute will be resolved by Licensee and Licensee agrees to be bound by such determination.

Licensee must not make any untrue or misleading representations to customers or prospective customers concerning any warranties issued by Licensee and must make all disclosures specified by Licensor or required by applicable law with respect to such warranties.

#### **9.11 Interference with Employment Relations of Others.**

During the term of this Agreement, Licensee must not employ or seek to employ any person who is at the time employed by Licensor, any of its subsidiaries or parent companies, or by any person who is at the time operating a Center, or otherwise induce, directly or indirectly, that person to leave that employment.

#### **9.12 Automotive Repair Industry Accreditation Programs.**

Licensee must obtain and maintain accreditation by automotive repair industry associations if specified by Licensor (such as the Automotive Maintenance and Repair Association's MAP Accreditation Program). Licensee acknowledges that participation in such programs may require the payment of annual dues and participation in third party dispute resolution processes for disputes with customers.

#### **9.13 Notices to Licensor; Defense of Actions.**

Licensee must notify Licensor in writing within five days of any of the following events:

- (a) The start of any action, suit, countersuit or other proceeding against Licensee or any of its Principals or employees;
- (b) Licensee, or any of its Principals or employees, receives a notice of noncompliance with any law, rule or regulation.
- (c) The issuance of any order, writ, injunction, award or decree of any court, any agency or other governmental organization against Licensee or any of its Principals or employees.
- (d) Any complaints, inspections, reports, warnings, certificates or ratings of Licensee or its Principals or employees or the Franchise Business, communicated, issued, performed, or scheduled by any governmental agency.

Licensee must provide Licensor with any additional information Licensor reasonably requests, within five days of request, about the status, progress or outcome of any of the events listed in this Section. Licensor will have the right to defend any action, suit or proceeding brought against Licensee or its employees that may adversely affect the operation or financial condition of the Franchised Business or the goodwill of the Tuffy System and Licensee will be responsible for all costs, including attorneys' fees, incurred by Licensor in defending such action, suit or proceeding.

#### **9.14 Employees of Franchise Business.**

Licensee must hire all employees of the Franchise Business, be exclusively responsible for the terms of their employment and compensation and for the proper training of such employees in the operation of a Center. Licensor's policies and standards for Licensee do not include any employee policies and procedures. Licensor will not control and will not be involved

in any way with Licensee's compensation or other personnel matters regardless of any information that Licensor may provide in operations or training manuals or otherwise. Licensee is solely responsible for all employment decisions and obligations. Licensee must prominently post signs at the Licensed Location (including in the area in which all official employment relating notices are posted) and at Licensee's offices informing employees and independent contractors that their relationship is solely with Licensee and that they are not an employee of Licensor or any of its affiliates. Similar language must be included in all employment contracts, offer letters, and employee handbooks. Licensor may specify the language for the required postings and notices. Licensee agrees to comply with and be responsible for all federal, state and local laws and ordinances governing or regulating Licensee's employment of its employees including without limitation all government regulations relating to occupational hazards and health, workmen's compensation insurance and withholding and payment of state and federal income taxes and social security taxes. Under no circumstances will Licensor be deemed the employer of Licensee's employees. Licensee must indemnify and hold harmless Licensor from and against any liability or claims related to or arising from actions by Licensee's employees or Licensee's employment related decisions and obligations, including but not limited to labor and employment law violations by Licensee and its personnel.

#### **9.15 Payment Card Industry and other Data Security Requirements.**

Licensee recognizes and acknowledges that this Agreement and its conduct of business may subject Licensee and the Licensor to certain laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"), including those that are applicable to Licensee's processing of data that may be reasonably linked or linkable to natural persons to whom the Franchise Business provides goods or services or who are associated with a business entity to whom the Franchise Business provides goods or services, including without limitation, names, addresses, birthdate, contact information, payment card information, transaction history, email addresses, phone numbers, LinkedIn, Facebook, Twitter and other social media addresses, other contact information and other information and other information as may be further set forth and defined in the Operations Manual. ("Customer Personal Data"). All Customer Personal Data is and shall be deemed to be exclusively owned by the Licensor and, for purposes of the Privacy Laws, the Licensor is the "controller," and Licensee is a "processor" of such Customer Personal Data. The Customer Personal Data must be provided in the manner and format specified by Licensor, which may include written or electronic copies delivered by email, courier or regular mail or Licensor remotely accessing the information on Licensee's computers. Licensee agrees that Licensor may also access and obtain the Customer Personal Data from Licensee's records (including computer records) and from software and other service providers that can provide access to that information. Licensor will have the right to use the Customer Personal Data for Licensor's business purposes.

Subject to Licensee's compliance with the terms and conditions of this Agreement, the Licensor grants Licensee a non-exclusive, non-sublicensable, non-transferable, limited right to collect, use, share, disclose, store, and delete (collectively, "process") Customer Personal Data during the Term of this Agreement solely as necessary for the operation of the Franchise Business. All such processing of Customer Personal Data must at all times be in compliance with i) all applicable laws, including without limitation, the Privacy Laws and ii) our standards and specifications, Franchise Systems, and Operations Manual, which we may amend from time to time in our sole discretion.

Licensee covenants and agrees to cooperate with the Licensor and to comply with and adhere to all directions and requests that the Licensor delivers to Licensee from time to time

relating to Customer Personal Data and/or the Privacy Laws, including without limitation, assisting the Licensor in complying with any obligations the Licensor may have under the Privacy Laws, adhering to the policies and procedures set forth in the Operations Manual, and delivering or making available to the Licensor all information in Licensee's possession necessary to demonstrate Licensee's compliance with the Operations Manual and/or the Privacy Laws. The Licensor reserves the right to audit and inspect Licensee's use of information technology, organizational systems, and data security policies and practices, which may include an assessment of Licensee's compliance with the Licensor's standards and specifications relating to Licensee's processing and use of Customer Personal Data. Any such assessment, audit, and/or inspection will be at Licensee's sole your cost and expense and Licensee must reimburse the Licensor for any costs and expenses the Licensor incurs in connection therewith.

Licensee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Licensor may designate, from time to time, to enable the Franchise Business to accept such methods of payment from customers. Licensee shall also accept debit cards, stored value gift cards or other non-cash payment systems specified by Licensor to enable customers to purchase products and services supplied by Licensee. Licensee shall obtain all necessary hardware and/or software used in connection with these non-cash payment systems. At all times, Licensee shall maintain credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, and electronic funds transfer systems (together, "Credit Card Vendors") that Licensor designate as mandatory. The term Credit Card Vendors includes among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). Licensee may not use any Credit Card Vendors that Licensor has not approved in writing or for which Licensor has revoked approval. Licensor has the right to modify the requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke approval of any such service provider.

Licensee is responsible for securing and maintaining the security of all Customer Personal Data of Licensee's customers and protecting the same from unauthorized processing, destruction, modification, or use that would violate this Agreement, the Operations Manual, or any Privacy Laws. In addition to complying with all other industry standards relating to the security of Licensee's customer's Customer Personal Data, and implementing any technical and organizational security measures specified by Licensor, Licensee must comply with all current Payment Card Industry Data Security Standards ("PCI Requirements") as those standards may be revised and modified by the PCI Security Standards Council (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization. Among other things, Licensee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. It is recommended that Licensee also complies with the ISO/IEC 27000-series information security standards (or other comparable third-party information security standards) ("Information Security Standards") in connection with the Franchise Business.

It is Licensee's responsibility to research and understand the Privacy Laws, PCI Requirements and Information Security Standards, other industry standards, and other applicable laws and to ensure that its business policies and practices comply with these requirements. Licensee must refrain from taking any action or inaction that could cause Licensor or any of its affiliates to breach any Privacy Laws. Licensee must demonstrate compliance upon

reasonable request, which may include having an independent third-party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event Licensee is unable to demonstrate full compliance, Licensor may require that Licensee engage the services of an Approved Supplier to assist Licensee on an ongoing basis. Licensee will be required to enter into a contractual relationship directly with an approved managed firewall supplier, if Licensor so determine.

If Licensee detects or are notified of a data breach involving Customer Personal Data or any other information or data related to its customers ("Data Breach"), Licensee must immediately notify Licensor of the Data Breach. Licensee must cooperate with Licensor in investigating and halting the Data Breach, including giving Licensor access to Licensee's information technology systems. Licensor will have the right to name legal counsel to deal with the Data Breach and to control media communications relating to the Data Breach. Licensee must not make any public statements about the Data Breach without Licensor's approval. Licensee must indemnify Licensor and hold Licensor harmless for all claims and costs, including attorneys' fees, incurred by Licensor as a result of any Data Breach that is Licensee's responsibility or Licensee's breach or failure to comply with any Privacy Laws.

Licensor has the right to engage a vendor to consult with and advise licensees on compliance with the PCI Requirements and other data privacy practices and to require Licensee to pay a portion of the cost of the vendor's services as determined under Licensor's policies or to directly engage the vendor for these purposes. Also, Licensor will have the right to acquire a cyber insurance policy for the System and to require Licensee to pay a portion of the cost of the cyber insurance policy as determined under Licensor's policies and procedures. Licensor will have the right to collect Licensee's share of the costs of the vendor and/or cyber insurance policy on a periodic basis in the manner provided in this Agreement.

## **ARTICLE TEN – ADVERTISING**

### **10.1 Initial Advertising Fee.**

Licensor may, in its discretion, use all or a portion of the initial advertising fee referred to in Section 3.1(c) for advertising and promoting the grand opening or other initial marketing of Licensee's Franchise Business.

### **10.2 Advertising Fund.**

Licensee must make contributions, as required by Section 3.1(d), to an Advertising Fund that will be administered by Licensor or an agency designated by Licensor. The Advertising Fund is intended to be used to maximize general public recognition and patronage of Licensor's Marks. Licensor will expend all monies received for the Advertising Fund to formulate, develop and produce advertising and promotional programs and to conduct advertising and promotional programs on a national, regional or local level as Licensor determines in its discretion to be most effective in achieving the goals of the Advertising Fund. Licensor reserves the right to engage the services of an advertising source or sources to formulate, develop, produce and conduct advertising and promotional programs. The Advertising Fund may be used to pay all costs associated with the advertising and promotional programs conducted by Licensor, including without limitation the proportionate compensation of employees of Licensor who devote time and render services in the conduct, formulation, development and production of such advertising and promotional programs and the administration of the advertising fund. If Licensor provides services as an advertising agency in media placement and purchasing of advertising for the Advertising Fund, Licensor will be entitled to a reasonable commission for those services. Licensor will submit to Licensee, upon request, an annual report of the use of the Advertising Fund

contributions made by Licensee. Licensor is not required to spend advertising fund contributions for Licensee's benefit if Licensee is not current in all obligations to Licensor. In no event will Licensor or any agency engaged by Licensor be liable for consequential or incidental damages resulting from administration of the advertising fund or resulting from any advertising produced or placed by or on behalf of Licensor or Licensee, including any claims for loss of business.

Under Licensor's current policies, a portion of Licensee's advertising fund contribution equal to 0.5% of Licensee's gross sales will be used for producing advertising, covering administrative expenses, and other advertising, promotional or marketing uses as determined by Licensor ("production and administration") and the balance is used for advertising in the standard television area as defined by A.C. Nielson's Designated Marketing Area ("DMA") or Metropolitan Statistical Area ("MSA") in which the Franchise Business is located ("media placement"). These policies are subject to change in Licensor's discretion.

Licensee acknowledges that: (a) decisions with respect to advertising content, advertising media, the use of national, regional or local advertising, or any combination thereof, and the timing of advertising expenditures will be within the sole discretion of Licensor and its agents; (b) the Advertising Fund is not a trust and Licensor does not owe any fiduciary obligations to Licensee for administering the Advertising Fund; (c) Licensor will hold the Advertising Fund for the benefit of the contributors and use contributions for the purposes described in this Section; and (d) Licensor will have no obligation to spend on advertising or promotion amounts in excess of those funds actually collected from licensees. Although Licensor makes the final decisions for advertising creation and placement, under Licensor's current policies, Licensor consults with the licensees in each DMA or MSA as to decisions for advertising in that DMA or MSA and usually follows the decisions of the majority of licensees in a DMA or MSA.

Licensor may incorporate the advertising fund or manage the advertising fund through a separate entity whenever Licensor deems appropriate. Licensor may assign some or all of the rights and duties specified in this Section to the separate advertising fund entity. Licensor may change the separate advertising fund entity or assign management of the advertising fund back to Licensor at any time in Licensor's discretion.

### **10.3 Additional Advertising; Approval.**

Licensee is encouraged to spend amounts for local advertising and promotions in addition to the required contribution to the Advertising Fund. However, advertising or promotion must be submitted to Licensor for approval and must be approved in writing prior to its placement by Licensee. Licensee must not advertise any products or services for the Licensed Location, or using the Tuffy Marks, other than those products or services authorized by Licensor. Licensee agrees to honor any coupons or similar promotional materials issued by Licensor, and agrees to participate in such drives, prizes, giveaways, contests and other programs, local, regional or national, related to sales promotions, specified by Licensor to the extent that participation does not violate federal or state law.

### **10.4 Advertising Cooperative.**

Licensor may, from time to time, designate an advertising area that encompasses a group of Centers. If Licensee's Franchise Business is within a designated advertising area, Licensee is required to join, maintain a membership in and abide by the governing instrument of the advertising cooperative for that area. Licensor must approve the structure of the cooperative as well as the original governing instrument of the cooperative and any changes to that instrument.

The cooperative will make decisions based on a majority of the votes entitled to be cast by its members. Each cooperative must work with the Licensor or an agency designated by Licensor in coordinating and placing regional and local advertising for the members of the cooperative. Licensor may, but is not required to, allow a cooperative to participate in decisions regarding the use of Advertising Fund contributions paid to Licensor by members of the cooperative. Each cooperative is responsible for the costs and expenses incurred by that cooperative.

Whether or not an advertising cooperative has been formed for an advertising market area, Licensor does not guaranty collection of the advertising fund contributions of other licensees in the advertising market area of Licensee or that there will be any particular level of advertising fund money available for advertising in the advertising market area of Licensee.

### **10.5 Use of Internet, Websites, Social Media and Toll Free Telephone Numbers.**

Licensee must not use the Internet, websites, domain names, any social networks (including without limitation, Facebook, X, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, TikTok, Threads, and all other social media platforms now existing or later created), wikis, podcasts, online forums, content sharing communities, blogging, microblogging or other social media, toll-free telephone numbers or similar methods with potential local, regional, national or worldwide scope in connection with the Franchise Business, except with the written consent of Licensor and then only in accordance any policies and procedures specified by Licensor. Licensor may, in its discretion, maintain one or more websites, domain names, other Internet sites, social media accounts or toll-free telephone numbers for the Tuffy System and allow Licensee to participate in those marketing methods and/or the business generated by those methods under guidelines specified by Licensor. If Licensee acquires or establishes any websites, domain names, social media accounts or toll-free telephone numbers for use in the Franchise Business and/or that contain or are advertised with any of the Tuffy Marks or any portion or derivation of the Tuffy Marks, Licensor may require Licensee, at any time, to assign, transfer or convey ownership and possession of any such websites, domain names, social media accounts and/or toll-free telephone numbers to Licensor. If Licensor requires Licensee to transfer any of those items to Licensor, the sole responsibility of Licensor will be to reimburse Licensee for any of Licensee's actual costs paid for such items.

## **ARTICLE ELEVEN – TRAINING**

### **11.1 Initial Training.**

Licensor will make available in Ohio an initial course of instruction relating to techniques for operation of the Franchise Business and utilization of the Tuffy System. Licensee must not open its Franchise Business for business without first having had a Principal of Licensee attend and complete to Licensor's satisfaction the initial training program. The training program will be conducted without charge to Licensee, but Licensee will be responsible for paying its employee's salaries, expenses for travel, food and lodging.

### **11.2 Additional Training, Sales Programs and Meetings.**

A Principal of Licensee must, at Licensee's expense, attend any additional training, sales programs and meetings at locations and at times reasonably specified by Licensor.

### **11.3 Acknowledgments and Obligations of Licensee Relating to Training.**

Licensee acknowledges and agrees that no compensation or other benefits will be paid to Licensee, its Principals, managers or employees for any services performed by Licensee or its Principals, managers or employees during training at any Center operated by Licensor or any

other person. Licensee assumes all responsibility for any injuries sustained by Licensee, its Principals, managers or employees while attending training. Licensee agrees to indemnify and hold harmless Licensor and its affiliates, agents and employees from any injuries or damages arising out of or related to attendance and participation in training by Licensee or its Principals, managers or employees.

## **ARTICLE TWELVE – CONFIDENTIALITY AND NON-COMPETITION**

### **12.1 Confidential Information.**

Licensee acknowledges that prior to or during the term of this Agreement, Licensor may disclose to Licensee, either orally or in writing, or you may otherwise obtain, certain proprietary and/or non-public information, data, and facts related to developing and operating a Franchise Business, the System, and/or the network of Licensor's (the "Confidential Information"). The Confidential Information includes, but is not limited to all information, data, and facts constituting or relating to:

- (a) The Operations Manual and all information, guidance, and instructions contained therein, training manuals, materials and methods, written directives, policy manuals, operations manuals, operating methods, sales promotion aids, business forms, products and services, installation and service procedures, accounting procedures, marketing reports, supplier discounts and inventory systems, techniques, processes, policies, procedures, systems and data;
- (b) All knowledge and experience relating to Centers;
- (c) Advertising, marketing techniques and advertising programs used in developing and operating Centers;
- (d) All information regarding the identities and business transactions of customers, suppliers, and vendor, including without limitation, customer information, sources of supplies, inventory, and equipment, pricing paradigms for sources of supply, and all other information relating to the same;
- (e) Computer software and similar technology that has been or may be developed by or for Licensor or its agents, which is proprietary to Licensor, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (f) Knowledge of the operating results and financial performance of Centers;
- (g) Other aspects of the Tuffy System now or later revealed to Licensee under this Agreement and all changes and enhancements in the Tuffy System, even if developed by Licensee;
- (h) New ventures, projections, analyses, pending projects and proposals, and product research and development information;
- (i) The subjects and content of all conversations, communications, and correspondence between Licensor and Licensee or any owner of Licensee;

(j) All Customer Personal Data obtained and processed by you through the development and operation of your Franchise Business;

(k) Other aspects of the System now or later revealed to Licensee under this Agreement and all changes and enhancements in the System, even if developed by Licensee; and.

(l) Other property that Licensor describes as being Confidential Information or trade secrets of the Tuffy System.

## **12.2 Ownership and Use of Confidential Information.**

Licensee acknowledges that Licensor owns the Confidential Information and agrees that Licensee will not acquire any interest in the Confidential Information, other than the right to use it as Licensor specifies solely for the purpose of establishing and operating the Franchise Business during the term of this Agreement. Licensee acknowledges and agrees that the Confidential Information is proprietary to Licensor and is disclosed to Licensee in confidence only on the condition that Licensee and its shareholders, officers, directors, partners, members, owners, investors, employees and agents agree as follows:

(a) Not to use the Confidential Information in any business or capacity other than in the Franchise Business as authorized by this Agreement and the Operations Manual, both during the term of this Agreement and after expiration or termination of this Agreement for as long as the Confidential Information is not generally known in the industry;

(b) To keep all Confidential Information absolutely confidential, both during the term of this Agreement and after expiration or termination of this Agreement, including but not limited to not sharing, disclosing, transmitting, broadcasting, publishing, or permitting access to the Confidential Information with any party not bound by the confidentiality and nondisclosure provisions of this Agreement, and with respect to whom Licensor has not provided its prior written authorization;

(c) Not to make unauthorized copies, recordings, compilations, or reproductions of any Confidential Information disclosed via electronic medium or in written or other tangible form and not to remove any Confidential Information from the Licensed Location;

(d) Not to directly or indirectly attempt to test, analyze or reverse engineer any proprietary materials;

(e) To adopt and implement technical and organizational procedures to prevent unauthorized use or disclosure of or access to Confidential Information, including, without limitation, restricting all use or disclosure of, or access to Confidential Information to parties bound by equivalent confidentiality and nondisclosure obligations as provided under this Agreement and for whom Licensor has provided its prior written authorization;

(f) To require Licensee's employees, contractors, services providers, consultants, agents, and any other entity to which Licensee shares, discloses, or

provides access to Confidential Information to sign an agreement relating to confidentiality and/or non-competition in the form specified by Licensor before revealing any aspect of the Confidential Information. Licensor has the right to be a third party beneficiary of those agreements with independent enforcement rights;

(g) If Licensee or its shareholders, officers, directors, partners, members, owners, investors, employees and agents engage in the same or similar business to that licensed by this Agreement, such person will have the burden of proving that he or she has not used the Confidential Information in that business; and

(h) That twenty-five (25%) percent of gross sales during the first two (2) years of operation of a business or venture in violation of this Section, or if no such business or venture exists Ten Thousand (\$10,000) Dollars per violation, must be paid to Licensor for the use of the Confidential Information.

Licensee agrees that when this Agreement expires, is terminated, or on the transfer of the Franchise Business, Licensee will immediately cease using any and all of the Confidential Information in any business or otherwise, and destroy all copies of all Confidential Information that Licensee has in its possession. Licensee will be liable to Licensor for any use of the Confidential Information not authorized by this Agreement.

### **12.3 Development of New Concepts, Proprietary or Confidential Information.**

All ideas, concepts, trademarks, service marks, copyrights, services, products, processes, slogans, techniques, improvements or materials that relate to or enhance the Franchise Business or the Tuffy System, whether or not protectable intellectual property and whether created by or for Licensor or by or for Licensee, must be promptly disclosed to Licensor without compensation to Licensee and will be Licensor's sole and exclusive property, part of the Tuffy System (if specified by Licensor), and works made-for-hire for Licensor. Licensee hereby assigns ownership of the intellectual property, and all related rights to it, to Licensor to the extent that any intellectual property does not qualify as a "work made-for-hire" for Licensor. Licensor may use this information as it deems appropriate, including, but not limited to, disclosing it to other licensees, without compensation to Licensee. Licensee agrees to take whatever action (including signing an assignment or other documents) that Licensor requests to evidence Licensor's ownership in the intellectual property.

### **12.4 Covenant Not to Compete During Term.**

Licensee, its shareholders, officers, directors, partners, members, owners and investors must not, during the term of this Agreement, have any interest in, directly or indirectly, as an owner (except ownership of no more than 1% of a publicly traded entity), director, officer, manager, employee, consultant, representative or agent, or in any other capacity, or otherwise engage in, any "Competing Business" (defined in Section 12.7), (except other Centers operated under license agreements entered into with Licensor), or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business or that consults with or in any other manner aids or assists a Competing Business, unless otherwise agreed in writing by Licensor.

### **12.5 Covenant Not to Compete After Term.**

On the termination (including termination on transfer), expiration or non-renewal of this Agreement, Licensee, its shareholders, officers, directors, partners, owners and investors, must not, for a period of two years commencing on the later of the effective date of termination,

expiration or non-renewal, or the date of any Court order enforcing this provision if necessary, have an interest, directly or indirectly, as an owner (except ownership of no more than 1% of a publicly traded entity), partner, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, or engage in any other capacity in any Competing Business or in any business or entity that franchises, licenses or otherwise grants to others the right to operate a Competing Business or that consults with or in any other manner aids or assists a Competing Business within any "Geographic Areas" (defined in Section 12.7).

The restrictions on Licensee in this Section 12.5 will not apply if: (a) this Agreement is terminated by Licensee for cause in accordance with the requirements of Sections 14.1 and 14.5 of this Agreement; or (b) all of the following conditions are met: (i) Licensee or an affiliate owns the Licensed Location; (ii) there are no other Centers in Licensee's market area; and (iii) Licensor does not exercise its right to lease or purchase the Licensed Location under Section 7.4 or Section 15.4 of this Agreement. For purposes of this provision, Licensee's market area means the Designated Market Area (as used by Neilson Media Research) in which the Franchise Business is located or a similar type of area as reasonably defined by Licensor.

#### **12.6 Other Restrictions on Activities.**

Licensee, its shareholders, officers, directors, partners, owners and investors must not, during the term of this Agreement and for a period of two years after the expiration or termination (including termination on transfer) of this Agreement: (a) divert or attempt to divert any business or customer of the Franchise Business or any other Center to any Competing Business by direct or indirect inducements or otherwise (whether or not Licensee has a direct or indirect interest in that business or person); (b) employ or seek to employ any person who was, at the time, employed by Licensor or its affiliates or by another Center, or directly or indirectly induce any person to leave their employment with Licensor or its affiliates or with another Center; (c) provide, for a fee, consulting services or other assistance to other Centers not owned by Licensee or to other licensees of Licensor; or (d) sponsor, appoint or encourage or influence or promote friends, relatives or associates to operate a Competing Business.

#### **12.7 Definition of Competing Business and Geographic Areas.**

For purposes of this Agreement, a "Competing Business" includes any business that is the same or similar to a Center, including but not limited to a business that sells installs and services automotive exhaust systems, brakes, front end, steering, suspension, alignment, air conditioning, engine diagnostics, batteries, or tires at retail or other products or services that may be offered by Centers now or in the future. For purposes of this Agreement, the "Geographic Areas" include the area within five miles of the Licensed Location and the areas within five miles of any other Centers existing at the time Licensee or its shareholders, officers, directors, partners, owners or investors begins to operate the Competing Business.

#### **12.8 Acknowledgements and Agreements Relating to Restrictions on Competition.**

Licensee agrees that the length of the term and the geographical restrictions contained in this Article are fair and reasonable. The parties have attempted to limit Licensee's right to compete only to the extent necessary to protect the reasonable competitive business interests of Licensor and its franchisees. If the above restrictions or any part of these restrictions are invalid, this Article will be considered as imposing the maximum restrictions allowed under the applicable state law in place of the invalid restriction or part of the restriction. In addition, Licensor reserves the right to reduce the scope of these provisions without Licensee's consent, at any time, effective immediately on notice to Licensee.

## **ARTICLE THIRTEEN – TRANSFERABILITY OF AGREEMENT**

### **13.1 General Rule.**

This Agreement is personal to Licensee or to the Principals of Licensee (if Licensee is a corporation, partnership or other entity). This License Agreement or any interest in the corporation, partnership or other entity (if Licensee is a corporation, partnership or other entity) must not be transferred, assigned, pledged, encumbered or sold, either directly, indirectly or contingently, whether voluntarily or by operation of law, except with the prior written consent of Licensor and then only in accordance with the provisions of this Article. In no event will Licensee have the right to sub-license any of the rights granted by this Agreement. Any attempted assignment or transfer not in accordance with this Agreement will have no effect and will constitute a breach of this Agreement. Licensee must not transfer or sell substantially all of the assets of its Franchise Business, either directly or indirectly or contingently, except with the prior written consent of Licensor. Licensee acknowledges that Licensor may reasonably withhold its consent to a sale of substantially all of the assets of Licensee's Franchise Business during the term of this Agreement unless those assets are being sold to a person who will operate a Center at the Licensed Location.

### **13.2 Transfer on Death or Incapacity.**

If Licensee, or the last surviving Principal of Licensee, if Licensee is a corporation, partnership or other entity, dies or becomes permanently disabled, the Licensee's or the Principal's rights under this Agreement will pass to the estate, heirs, devisees or legal representatives of Licensee or the Principal of Licensee (collectively referred to in this Agreement as the "Estate"). The Estate may continue operation of the Franchise Business if: (a) the Estate provides a qualified individual acceptable to Licensor to manage and operate Licensee's Franchise Business on a full time basis; (b) this manager attends and successfully completes Licensor's next offered new dealer training program; and (c) this manager assumes full time operation of the Franchise Business within one month of the date Licensee dies or becomes disabled. If the Estate fails to designate an acceptable manager or the designated manager fails to attend and satisfactorily complete the new dealer training program and to assume the full time operation of the Franchise Business within one month of the death or incapacity, then the Estate must sell the Estate's interest in the Franchise Business or in this Agreement within two months of the date of death or disability. Any sale must be made in accordance with the provisions of Section 13.4.

After the date of death or disability, until a trained manager assumes full time operational control of the Franchise Business or until the Estate's interest in the Franchise Business or in this Agreement is sold, Licensor may, at its option, assume control of and operate Licensee's Franchise Business. During any period that Licensor operates Licensee's Franchise Business, Licensor may deduct its expenses for travel, lodging, meals and all other expenses and fees from the Franchise Business's gross receipts and may pay itself a management fee of up to 5% of the Franchise Business's weekly gross receipts. This management fee will be in addition to the royalty and advertising fund contributions due to Licensor. Any remaining gross receipts of the Franchise Business, after paying all other operating expenses of the Franchise Business will be paid to the Estate. Any deficiency in amounts due to Licensor under this Section or any deficiencies from operation of the Franchise Business must be paid by the Estate within 10 days of a notice of deficiency from Licensor. Licensor is not obligated to operate the Franchise Business. If Licensor does operate the Franchise Business, Licensor will not be responsible for

any operational losses of the Franchise Business, nor will Licensor be obligated to continue operation of the Franchise Business.

### **13.3 Right of First Refusal.**

Licensee or any person owning an interest in Licensee or any legal estate, heir, devisee or legal representative of any deceased Licensee or person owning an interest in Licensee ("Seller") who desires to sell, assign or transfer any interest in this Agreement or the Licensee or the Franchise Business or the assets of the Franchise Business, must obtain a *bona fide* signed written offer from a responsible and fully disclosed purchaser and must notify Licensor in writing of such offer ("Offer Notice"). The transaction described in the Offer Notice will be referred to as the "Transaction." The Offer Notice must describe the Transaction in detail, including the name and address of the proposed purchaser, the nature of the Transaction, the consideration to be paid and all other material terms and conditions of the Transaction. In addition to the Offer Notice, Licensee must also deliver copies of all documents to be executed by Licensee or such other person in conjunction with the transfer and any financial or other information as Licensor may specify to reasonably inform Licensor of the financial condition of the Franchise Business, including but not limited to financial statements and tax returns of the Franchise Business. Licensor will then have, for a period of sixty (60) days from the date of delivery of the information specified above, the right and option ("right of first refusal"), exercisable by written notice to Licensee, to purchase that interest on the terms specified in the Offer Notice (modified as described below).

Licensor may designate a substitute purchaser if Licensor assumes responsibility for the performance of any purchaser designated. If the Transaction involves the purchase of stock or other ownership interests, Licensor will have the option to purchase the assets of the Franchise Business instead for equivalent consideration. If the consideration, terms or conditions offered by the proposed purchaser are such that Licensor may not reasonably be required to furnish the same, for example, if the consideration is not cash or cash equivalents, Licensor may pay a reasonable equivalent in cash. If the Seller and Licensor are not able to agree within a reasonable time on equivalent or substitute cash consideration, Licensor may appoint an independent appraiser, whose determination will be binding on the Seller and Licensor.

If Licensor exercises its right of first refusal, the Transaction will be closed by the later of: (i) 90 days after exercise of the right of first refusal; or (ii) 30 days after any necessary determinations of equivalent or substitute cash consideration. Licensor will be entitled to customary warranties, closing documents and post closing indemnification.

If Licensor does not exercise its right of first refusal, Licensee may complete the Transaction, subject to Licensor's rights of approval as specified in this Article, but only on the same terms as offered to Licensor. If Licensee does not complete the transfer within sixty (60) days, Licensor will again have the right of first refusal to purchase the interest.

### **13.4 Conditions of Licensor's Consent to Transfer.**

If Licensee desires to transfer any rights in this Agreement, or in Licensee or the assets of the Franchise Business, Licensee, or another appropriate person, must give written notice of the proposed transfer to Licensor, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the transfer and any other information that Licensor may reasonably require. This notice must also include a copy of any agreement relating to the proposed transfer. After reviewing the information, Licensor will determine, in accordance with the provisions of this Agreement and any procedures and guide-

lines contained in the Operations Manual, whether to grant its consent to the transfer. Licensor will not unreasonably withhold its consent to a transfer of the type permitted by this Agreement.

Before Licensor consents to a transfer, the following conditions must be fulfilled:

(a) The proposed transferee must follow the same application procedures as a new licensee and must meet the same standards of character, business experience, credit standing, health, etc. as Licensor has set for any new licensee.

(b) The terms of the proposed transfer must not place unreasonable burdens on the proposed transferee.

(c) Licensee must pay all amounts owed to Licensor. Licensee and transferee must escrow, for the benefit of Licensor, a portion of the sales price sufficient to cover any amounts that Licensee may owe to Licensor through the effective date of transfer, including any amounts that might be due for royalty, advertising, rent, proration of real and personal property taxes, insurance, utilities, open account obligations or otherwise. The escrow agent must be a person designated by Licensor or acceptable to Licensor. The escrowed funds must not be distributed without the consent of Licensor, which will not be unreasonably withheld or delayed.

(d) Licensee must pay all advertising obligations owed to Licensor or third parties up to the date of transfer. If Licensee is not current in its advertising obligations, a portion of the sales price sufficient to cover any of those obligations through the effective date of transfer must be used to pay those obligations or must be included in the escrow described in the previous paragraph.

(e) Licensee must execute at the time of sale an agreement terminating this Agreement and any sublease between Licensor and Licensee for the Licensed Location and releasing Licensor from any claims. Also, Licensor may require Licensee to guaranty the transferee's obligations to Licensor under the License Agreement referenced in the following paragraph as well as under any sublease between Licensor and transferee for the Licensed Location and to escrow proceeds from the sale to secure the guaranty, for a limited period of time.

(f) The proposed transferee must execute with Licensor the form of standard License Agreement in use at the time of the transfer which may provide for different royalty or advertising payments, a different Protected Area, etc.

(g) The proposed transferee must pay Licensor a transfer fee equal to 50% of the initial franchise fee being charged by Licensor at the time of the transfer, which will be due on the execution of a consent by Licensor to the proposed transfer. The Operations Manual may set forth instances where a transfer fee may not be required or may be reduced (e.g. transfer to family members already active in the business).

(h) The proposed transferee must agree that within ninety (90) days of the transfer it will take the action specified in Licensor's consent to make the Franchise Business comply with current appearance requirements, including signage, decor, cleanliness and layout.

(i) Licensee and the proposed transferee must comply with any other standard transfer procedures specified in the Operations Manual.

### **13.5 Transfers to Controlled Entities.**

If Licensee is in full compliance with this Agreement, the Agreement may be assigned to a corporation, partnership or other entity in which Licensee owns and will continue to own all the issued and outstanding stock, partnership interest, or other ownership interests and in which the Licensee will act as its principal executive officer or manager ("Controlled Entity"), provided that:

(a) The Controlled Entity is newly organized and its organizational document provides (and will continually provide) that its activities are confined exclusively to the operation of the Franchise Business;

(b) All documents evidencing ownership in the Controlled Entity bear a legend that they are subject to the terms of this Agreement;

(c) All owners of the Controlled Entity execute this Agreement and agree to be personally bound, jointly and severally, by all of the provisions of this Agreement;

(d) The Controlled Entity agrees to be bound by all the provisions of this Agreement and to assume and discharge all of Licensee's obligations under this Agreement; and

(e) The Controlled Entity will have no right to transfer its rights in this Agreement except in accordance with the provisions of Article 13 of this Agreement.

### **13.6 Transfer of Licensor's Interest.**

Licensor may transfer all or any part of this License Agreement without the consent of Licensee but Licensor or its successor will remain liable for all obligations accrued to the date of the assignment.

## **ARTICLE FOURTEEN – TERMINATION AND EXPIRATION**

### **14.1 Termination by Licensee.**

Licensee has the right to terminate this Agreement prior to its expiration only for good cause and only in accordance with the requirements set forth in Section 14.5 below. Good cause for termination by Licensee means any material breach of this Agreement by Licensor.

### **14.2 Termination for Good Cause.**

Licensor has the right to terminate this Agreement prior to expiration only for good cause and only in accordance with the requirements of Sections 14.3 or 14.5 below. Good cause for termination by Licensor means any material breach of this Agreement by Licensee or the occurrence of any of the events listed in Sections 14.3 and 14.4 below.

### **14.3 Immediate Termination.**

Any of the following events constitutes good cause for termination of this Agreement and entitles Licensor to terminate this Agreement upon five (5) days written notice to Licensee without affording Licensee any opportunity to cure:

(a) Any willful and material misrepresentation by Licensee or any Principal relating to the acquisition of the license granted or the ongoing operation of the Franchise Business.

(b) Any willful and repeated issuance of guarantees or warranties other than those permitted and authorized by Licensor or the willful and repeated failure to honor warranty obligations.

(c) Any transfer of this Agreement not in compliance with this Agreement.

(d) The conviction of, or plea of guilty or no contest to any crime by the Licensee or one of the Principals for which the minimum penalty includes imprisonment for more than one year, or any other crime, offense or misconduct involving moral turpitude or in any way relevant to the operation of the Franchise Business, or damaging to the business reputation of Licensor, in Licensor's discretion.

(e) Any abandonment by Licensee of the Franchise Business. Abandonment will be conclusively presumed if Licensee fails to open the Franchise Business for business for a period of three (3) consecutive business days without the prior written consent of Licensor, but will not include any failure caused by a situation described in Section 14.4(k) below.

(f) Any conduct by the Licensee that reflects materially and adversely on the operation or reputation of Licensor's Marks or System.

(g) Licensee or the Franchise Business submits to Licensor on two (2) or more separate occasions at any time during the term of this Agreement a report, financial statement, tax return or schedule or other information or supporting record which understates the gross sales of the Franchise Business for any period by more than two percent (2%).

(h) The adjudication of bankruptcy of Licensee or the insolvency of the Franchise Business or the appointment of a receiver or trustee to take charge of Licensee's business by a court of competent jurisdiction.

(i) A general assignment by Licensee for the benefit of creditors.

(j) Licensee or any Principal fails to maintain an immigration status that allows any of the same to live and work in the United States.

(k) Licensee or any Principal, or any affiliate thereof, defaults under any other agreement with Licensor or its affiliate, or under any agreement with Licensee's landlord or any vendor to the Franchise Business, for which there is no opportunity cure, or for which Licensee or any Principal or any affiliate thereof has failed to cure.

#### **14.4 Termination after Notice Period.**

Any of the following events constitutes good cause for termination of this Agreement and entitles Licensor to terminate this Agreement in accordance with the requirements set forth in Section 14.5 below:

(a) The failure of Licensee to promptly pay its obligations to third party suppliers as they become due, failure to pay rent or the occurrence of any other default under a lease or finance agreement for the real or personal property comprising or located at the Licensed Location, or upon the commission of any act which would, under the applicable provisions under the Bankruptcy Reform Act, as amended, permit the filing of a petition by or against the debtor.

(b) A breach by Licensee or any corporation, partnership, limited liability company or other entity controlled by or under common control with Licensee or the owners of Licensee, of any of the terms of any other agreements entered into with Licensor, including, if applicable, but not limited to, any lease for the Licensed Location or any other Center, lease or purchase agreement for equipment at the Licensed Location or any other Center, the term of any financing arrangement with Licensor or any other license agreements or subleases.

(c) The failure of Licensee or one of the Principals to successfully complete Licensor's training program.

(d) A final judgment or the unappealed decision of a regulatory officer or agency which results in a temporary or permanent suspension of any permit or license, possession of which is a prerequisite to operation of Licensee's Franchise Business.

(e) The failure of Licensee to make payments to Licensor or supply reports to Licensor as required by this Agreement or any other agreement entered into between the parties hereto, within five (5) days after such payment or reports are due.

(f) Any material inaccuracy or numerous inaccuracies in the accounting of Licensee's gross sales or financial statements.

(g) The failure of Licensee to use Licensor approved equipment, materials and products or use of substitute equipment, materials or products not approved by Licensor at the Franchise Business or with the Tuffy Marks.

(h) The failure of Licensee to properly display the Marks, or using the Marks in any unauthorized manner;

(i) The failure of Licensee to commence operation of the Franchise Business within the time specified in Section 8.5 above.

(j) The loss by Licensee of a right to occupy the Licensed Location.

(k) The destruction of the Franchise Business and the failure to reconstruct the Franchise Business or to establish reasonable plans for reconstruction within one hundred twenty (120) days of the destruction.

(l) The failure or refusal of Licensee to make business records and books available to Licensor or its authorized representative for audit purposes.

(m) The failure of Licensee to meet current quality control standards according to the provisions of the Operations Manual or failure to permit quality control checks and inspections of the Licensed Location by Licensor's representatives.

(n) The repeated failure of Licensee to operate in accordance with the uniform standards of Licensor.

(o) The failure of Licensee to respect and hold in confidence the confidential information and/or trade secrets disclosed to or learned by Licensee.

(p) The failure of Licensee to honor customer warranties.

(q) The cancellation of any guaranty of the obligations of this Agreement that was executed in conjunction with the execution of this Agreement.

(r) Licensee, any Principal, or any affiliate thereof defaults under any other agreement with Licensor or its affiliate, or under any agreement with Licensee's landlord or any vendor to the Franchise Business, in which Licensee, any Principal, or affiliate thereof has an opportunity to cure, in which case the cure period under this Agreement shall coincide with the cure period of the other agreement;

(s) Any other breach of this Agreement or the policies set forth in the Operations Manual.

#### **14.5 Notice Required for Termination; Cure; Notice of Defenses and Claims.**

The following procedures must be used for termination for good cause (other than termination under Section 14.3 above):

(a) The party terminating for good cause ("Terminating Party") must give a written notice of termination to the party in default ("Defaulting Party") specifying any reason or reasons for the termination and the date the termination will be effective. The effective date of termination must be at least ten (10) days for the non-payment of any amounts due, and at least thirty (30) days in all other instances, from the date the notice of termination is postmarked or from the date of personal service, whichever is applicable. Except as provided in Sub-Section (b) below, termination will be automatically effective without further action by the Terminating Party upon the date specified in the notice as the effective date of termination.

(b) The Defaulting Party may prevent termination only by completely curing, prior to the date specified in the notice as the effective date of termination, all the defaults specified by the Terminating Party in the notice. This right to cure will not apply if (i) the defaulting party, after previously curing any default, engages in the same default within a period of twelve (12) months whether or not such default is cured after notice, or (ii) the defaulting party has repeatedly failed to comply with one (1) or more requirements of the License Agreement, whether or not corrected after notice.

(c) The Defaulting Party must give written notice to the Terminating Party of all objections, defenses or disputes to termination, claims against the Terminating Party, set-offs, breaches of the License Agreement by the Terminating Party or other actions, claims or defenses that the Defaulting Party may have against the Terminating Party. This notice must be given within thirty (30) days from the date the notice of termination is postmarked or from the date of personal service, whichever is applicable. If the Defaulting Party fails to give the notice required in this Sub-Section, the Defaulting Party will be barred from

seeking any relief, whether by way of action or defense, in any court, or otherwise, with respect to any matter or issue which was subject to the notice.

#### **14.6 Effect of Termination or Expiration.**

On termination or expiration of this Agreement for any reason, all Licensee's rights associated with being an authorized licensee cease and the following, as well as any other provisions of this Agreement relating to termination or expiration, apply:

(a) Licensor may terminate any lease or sublease entered into with Licensee for the Licensed Location, if any, or Licensor may exercise its option to acquire the lease for or purchase the Licensed Location;

(b) Licensee must immediately and permanently discontinue the use of the Tuffy Marks, the Tuffy System or any marks, names or indicia confusingly similar thereto, or any other materials that may, in any way, indicate or tend to indicate that Licensee is or was a Licensee of Licensor, or in any way associated with Licensor. If Licensee remains in possession of the Licensed Location, Licensee must immediately make such removals or changes in signs and color of buildings and structures as Licensor may reasonably request so as to effectively distinguish the premises from their former appearance and the appearance of any other Center;

(c) Licensee must immediately discontinue all advertising placed or ordered. Licensee must remove and destroy all technical manuals or Operations Manuals, all copyrighted material, all sign faces, advertising and promotional material, stationary, letterhead, forms and any other items bearing the Tuffy Marks. Licensee must notify Licensor in writing that it has removed and destroyed these materials. Licensee is responsible for the cost of sign and other identification removal and the cost of destroying these materials;

(d) Licensee must cease to use all telephone numbers that have been used in the Franchise Business and if requested by Licensor, must assign all telephone numbers of the Franchise Business to Licensor. Licensee acknowledges that as between Licensor and Licensee, Licensor has the sole rights to all telephone numbers and directory listings associated with the Tuffy Marks and Licensee authorizes Licensor, and appoints Licensor and any officer of Licensor as its attorney-in-fact, to direct the telephone company and all listing agencies to transfer the telephone numbers or listings to Licensor or its agent or assignee if Licensee fails or refuses to do so. The telephone company and all listing agencies may accept the direction in this Agreement as conclusive evidence of the exclusive rights of Licensor in such telephone numbers and directory listings and its authority to direct their transfer;

(e) In the event Licensee fails to remove and destroy all copyrighted material, signs, posters or advertisements bearing any of the Tuffy Marks as of the effective date of termination or expiration of this Agreement, Licensor or its agent may, and are authorized by this Agreement, to enter the Licensed Location and remove or paint over any and all such material, signs, posters or advertisements and Licensee waives and releases Licensor from any and all claims for damages resulting from those actions;

(f) Licensee must sell to licensor, F.O.B. Licensee's Franchise Business, all or such parts of Licensee's inventories or products on hand as of the date of termination or

expiration that are uniquely identified with Licensor, if any, as Licensor may request in writing before or within thirty (30) days after the date of termination or expiration. The sales price will be the current published prices then being charged by the manufacturer to authorized licensees of Licensor, not including any cost of storage or transportation paid by Licensee to bring the goods initially to the Franchise Business, minus all costs incurred or to be incurred by Licensor to restore the goods or the packaging of the goods to a saleable condition, and minus a reasonable allowance for physical deterioration, obsolescence, or damage to the extent not restored;

(g) Licensor will retain all payments made by Licensee to Licensor, including payments for equipment, license fees, royalty, and advertising. Termination or expiration will not lessen the liability of one party to the other for all sums and debts owed before termination or expiration unless a separate written agreement is made between the parties settling that liability;

(h) Termination or expiration of this Agreement will not lessen the liability or further obligations of Licensee pursuant to this Agreement relating to Licensor's option to purchase or lease Licensee's location or purchase Licensee's assets, restrictions on use of the Marks and the Systems, restrictions on disclosure and use of confidential information, restrictions on competition, or other obligations contained in this Agreement that by their terms or intent survive termination or expiration of this Agreement. Those obligations of Licensee will survive termination or expiration of this Agreement. Further, termination or expiration will not lessen Licensee's obligations to its customers. Licensee must reimburse Licensor for the cost of all warranties honored for work performed by Licensee.

Termination or expiration of this Agreement and/or enforcement of the provisions of this Section will not affect or prejudice any other rights or remedies of Licensor for breach of this Agreement by Licensee whether those rights and remedies are contained in this Agreement or otherwise provided by law or equity.

#### **14.7 Damages for Loss of Bargain.**

In addition to any other remedies available to Licensor, in the event this Agreement is terminated prior to its expiration (other than termination by Licensee for cause), Licensor will be entitled to recover from Licensee damages attributable to the loss of bargain resulting from that termination. The parties stipulate and agree that the damages for Licensor's loss of bargain will be the present value of the royalty that would have been payable to Licensor for the balance of the term of this Agreement, but not more than thirty-six (36) months. The parties agree that the aggregate amount of royalty that would have been payable will be calculated utilizing annual gross sales equal to the average annual gross sales of the Franchise Business for the two (2) year period [or such lesser period if the Licensee was not in operation for a full two (2) year period] immediately preceding the date of termination. For the purposes of this Section, gross sales will be calculated based on gross sales reported by Licensee or as actually determined by an audit of Licensee's business. If Licensee has failed or refused to report gross sales for any part of its operation before termination, Licensor may reasonably estimate those gross sales.

The parties acknowledge and agree that the actual damages that will be sustained by Licensor if Licensor terminates this Agreement before its expiration for cause are incapable of calculation at the time of execution of this Agreement. The parties further acknowledge and agree that the damages set forth in this Section are a reasonable estimation of those damages.

## **ARTICLE FIFTEEN – OPTION TO PURCHASE FRANCHISE BUSINESS**

### **15.1 Option.**

On termination or expiration of this Agreement, except termination by Licensee for cause, Licensor will have the option, but not the obligation, exercisable for thirty (30) days from the date of valuation of the assets, to purchase the assets of the Franchise Business. For purposes of this Section, the assets of the Franchise Business means the equipment, inventory, leasehold interest, furnishings and other assets of the business licensed by this Agreement other than real estate owned by Licensee.

### **15.2 Purchase Price.**

The purchase price will be the fair value of the assets as agreed on by the parties or in the absence of an agreement as determined by an independent qualified appraiser selected by Licensor and Licensee. If Licensor and Licensee cannot agree on an independent appraiser, each will select an independent appraiser qualified or certified to make such appraisals. The independent appraisers so chosen will then select a third independent appraiser. The third independent appraiser will determine the fair value of the assets and his determination will be binding on the parties. The date of valuation of the assets will be the date that the parties agree to the valuation or, if applicable, the date that a written valuation is received from the appraiser. Subject to the reductions described below, the purchase price will be paid in full at closing.

### **15.3 Reductions of Purchase Price.**

If Licensor elects to purchase the assets of the Franchise Business, the purchase price will be reduced by:

- (a) the total current and long-term liabilities of the Franchise Business assumed by Licensor as described below; and
- (b) any amounts due to Licensor from Licensee.

Licensor will assume all current and long-term liabilities of the Franchise Business (except liabilities to Licensee, its principals, officers, shareholders or affiliates) up to the amount of the purchase price, subject, however, to all defenses available to Licensee.

### **15.4 Real Property.**

If Licensee owns the real property on which the Franchise Business is located, Licensor will also have the option to purchase this property for a period of thirty (30) days from the date of valuation of the real property. The purchase price will be the fair value of the property as determined pursuant to the procedure specified in Section 15.2 above. The date of valuation will also be determined as described in Section 15.2 above. The purchase price will be paid in full at closing minus customary prorations including the pay-off of existing mortgage liens. If Licensor does not elect to purchase the real property, Licensor or its designee will have the option to enter into a lease for a term of not less than five (5) years with an option by lessee to extend the term of the lease for an additional term of five (5) years. The lease will contain the terms and conditions contained in the form of lease then used by Licensor in connection with Centers owned by Licensor, or in the absence of such a lease, on a form standard in the area of the Licensed Location. The rental under the lease for the initial five (5) year term will be the fair rental value of the property as of the date of exercise of the option. An independent appraiser selected in the manner provided in Section 15.2 will determine this fair rental value. The rental during the second five (5) year option term will be the fair rental value of the property as of the date that is thirty (30)

days before the end of the initial term. An independent appraiser selected in the manner provided in Section 15.2 will determine that fair rental value.

### **15.5 Closing.**

The closing will occur within sixty (60) days after Licensor exercises its option to purchase the assets and/or the real property or such later date as may be necessary to comply with applicable bulk sales or similar laws. At closing, Licensor and Licensee agree to execute and deliver all documents necessary to vest title in the assets and/or real property purchased by Licensor free and clear of all liens and encumbrances, except those assumed by Licensor and/or to effectuate the lease of the Licensed Location. Licensor reserves the right to assign its option to purchase the Franchise Business or designate a substitute purchaser for the Franchise Business if Licensor remains responsible for and guarantees compliance with the provisions of this Article.

### **15.6 Operation During Option Period.**

Licensor will have the right, on written notice to Licensee, to manage the Franchise Business during the period in which Licensor has an option to purchase the Franchise Business and for the period following the exercise of the option by Licensor and before closing. Licensor will be responsible for the debts of the Franchise Business during this period of management and may charge a reasonable fee to manage the Franchise Business, not to exceed five (5%) percent of gross sales of the Franchise Business. This management fee is in addition to any royalty or advertising fund payments due to Licensor.

## **ARTICLE SIXTEEN – RELATIONSHIP OF PARTIES; INDEMNIFICATION**

### **16.1 Independent Contractor.**

Licensee is and will be considered an independent contractor with control and direction of its business and operations limited only by the conditions established by this License Agreement and the Operations Manual. No agency, employment, partnership or joint venture is created by this Agreement and neither party has the right to act on behalf of the other.

### **16.2 Separate Identification of Business.**

Licensee must identify its business as a separate business by filing an assumed name certificate as appropriate in the state of location of the Franchise Business. Also, the Licensee must display signs, notices or plaques as specified by Licensor at the Licensed Location to identify the separate ownership of the business to the public.

### **16.3 Indemnification.**

Licensee is responsible for all losses or damages from contractual liabilities to third persons relating to the possession, ownership and operation of the Franchise Business and all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchise Business or the actions or omissions of Licensee and any Data Breach or other breach, violation, or failure by Licensee to comply with any laws, rules, regulations, or ordinances applicable to Licensee or the Franchise Business, including but not limited to the Privacy Laws.. Licensee must indemnify and hold harmless, and, at Licensor's request, defend Licensor and its affiliates, subsidiaries and parent companies and their agents, employees, attorneys and other licensees, their agents, employees and attorneys, against any and all claims, suits, demands, losses, damages or liabilities and all related expenses, including reasonable attorneys fees and court costs, which directly or indirectly arise out of, in connection with, or as a result of possession, ownership or operation of the Franchise Business or the acts or omissions of Licensee, including without limitation any liability

Licensor may incur as a guarantor of any of Licensee's obligations to third parties, but excepting any liability solely arising from the Licensee's proper reliance on or use of materials or instructions provided by Licensor or solely arising from Licensor's negligence. This indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. If Licensor chooses to defend an action or Licensee fails to assume the defense after Licensor's request, Licensor may defend the action in the manner it deems appropriate and Licensee must pay Licensor for all costs, including reasonable attorneys fees, incurred by Licensor in defending the action, in addition to any sum that Licensor may pay by reason of any settlement or judgment against Licensor in the action. Licensor's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on Licensor by statute, ordinance, regulation or other law.

## **ARTICLE SEVENTEEN – LAW, VENUE AND JURISDICTION; INJUNCTIVE RELIEF; JURY WAIVER; LIMITATION OF CLAIMS**

### **17.1 Ohio Laws; Venue and Jurisdiction.**

This Agreement and the construction of this Agreement will be governed by the laws of the State of Ohio (without reference to the conflict of laws provisions) and shall be deemed to be offered, accepted, and entered into by the Parties, respectively, in the State of Ohio. Any legal proceedings between the parties must be brought and conducted only in a state or federal court located in the county in which the Licensor's principal place of business is located, except legal proceedings brought by Licensor for injunctive relief or to obtain possession of real and personal property from Licensee or to enforce a judgment against Licensee may, at Licensor's option, be brought in a state or federal court for the county in which Licensee's business is located. Licensee consents to and waives any objections to jurisdiction and venue in the courts specified in this Section.

### **17.2 Injunctive Relief.**

The Licensor will have the right, without the posting of any bond or security, to apply for specific enforcement of the terms of this License Agreement, by petitions for temporary and permanent injunctions or other similar equitable relief. Specifically, the Licensor will have the right to obtain such relief to prevent Licensee from: (a) misusing any of the rights licensed by this Agreement; (b) engaging in competitive operations in derogation of the in-term and post-term covenants set forth in Article 12; (c) transferring or assigning this Agreement without complying with this Agreement; (d) engaging in acts or practices in violation of applicable laws and regulations or which are fraudulent, dishonest or create health or other hazards to the public; (e) failing to issue or honor warranties specified by Licensor; or (f) significantly impairing the goodwill associated with the Licensor. Licensor's rights to apply for such relief are in addition to all other remedies available to Licensor under applicable law.

### **17.3 No Class Action or Consolidation.**

The parties agree that any litigation will only be conducted on an individual basis and not on a class basis or consolidated with any other case. The parties waive, to the fullest extent allowed by law, any right to pursue or participate as a plaintiff or a class member in any claim on a class or consolidated basis or in a representative capacity.

### **17.4 Waiver of Punitive Damages and Jury Trial.**

EXCEPT FOR LICENSEE'S OBLIGATION TO INDEMNIFY LICENSOR AND THE OTHER INDEMNIFIED PARTIES UNDER SECTION 16.3 AND CLAIMS LICENSOR BRINGS AGAINST LICENSEE FOR UNAUTHORIZED USE OF THE TUFFY MARKS OR

UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, LICENSOR AND LICENSEE (AND LICENSEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

EACH PARTY AND ITS OWNERS, OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY OR AGAINST THE OTHER PARTY OR ITS OWNERS, OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, SUCCESSORS OR ASSIGNS.

#### **17.5 Limitations of Claims.**

ALL CLAIMS, EXCEPT FOR MONIES DUE TO LICENSOR, ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY BY THE EARLIER OF: (1) WITHIN ONE YEAR FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM; OR (2) WITHIN THE TIME PERIOD PROVIDED BY ANY APPLICABLE LAW OR STATUTE.

#### **17.6 Notice Pursuant to Defend Trade Secrets Act of 2016.**

Licensee will not be held criminally or civilly liable under any federal or state trade secrets law for disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal.

### **ARTICLE 18 – ACKNOWLEDGMENTS, REPRESENTATIONS, AND COVENANTS BY LICENSEE**

#### **18.1 Risk of Operations.**

Licensee recognizes the uncertainties inherent in all business ventures. Licensee also understands the risks of being involved in a retail automotive service business and represents that it is able to bear such risks. Licensee acknowledges that the success of the Franchise Business depends primarily on Licensee's efforts. In addition, other factors beyond the control of Licensor or Licensee may affect the success of Licensee's business, including competition, economic conditions, business trends, costs, market conditions, and other conditions that may be difficult to anticipate, assess or even identify.

#### **18.2 Representations by Licensor.**

Licensee acknowledges and agrees that, except as specifically set forth in this Agreement or the Licensor's Franchise Disclosure Document or the attached "Disclosure Acknowledgment Statement", no representations or warranties, express or implied, have been made to Licensee, either by Licensor or anyone acting on its behalf or purporting to represent it, including, but not limited to, the prospects for successful operations, the level of business or profits that Licensee might reasonably expect, the desirability, profitability or expected traffic volume or profit of the Franchise Business (whether or not Licensor assisted Licensee in the selection of the location of the Franchise Business). Licensee acknowledges that all such factors are necessarily dependent on variables beyond Licensor's control, including, without limitation, the ability, motivation and amount and quality of effort expended by Licensee. Licensee further acknowledges that, except as set forth in Licensor's Franchise Disclosure Document, neither Licensor's sales personnel nor

any employee or officer of the Licensor is authorized to make any claims or statements as to the earnings, sales profits, costs, expenses or prospects or chances of success that any Licensee can expect or that present or past Licensees have had. Licensee agrees that it has not relied on and that Licensor will not be bound by allegations of any such representations as to earnings, sales, profits, costs, expenses, prospects or chances of success.

### **18.3 Licensee's Responsibility to Investigate Licensed Location.**

Licensee acknowledges and agrees that, regardless of whether Licensor has leased the location for sublease to Licensee or Licensor has assisted Licensee in finding and securing a location: (a) it is Licensee's sole responsibility to investigate the potential success of the Franchise Business at the Licensed Location and to determine all costs associated with operation of the Franchise Business at the Licensed Location, including, but not limited to, state and local taxes and assessments; (b) Licensee has not relied on any statements by Licensor or its representatives as to the Licensed Location but has independently verified all material information relating to the Licensed Location; and (c) Licensee has decided to proceed with development of the Franchise Business at the Licensed Location based only on the results of its own investigations. Licensee understands that taxes, assessments and other costs applicable to a location can change and that Licensor may not be knowledgeable of all such taxes, assessments and costs and that Licensee must determine and verify all such information.

### **18.4 Review of Materials and Consultation with Advisors.**

Licensee acknowledges that it has read and understood this Agreement, the attachments to this Agreement, and the documents relating to this Agreement, if any, and has been given ample time and opportunity (and has been encouraged) to consult with an attorney, accountant or other professional advisor about the potential benefits and risks of entering into this Agreement. Licensee acknowledges that it has been afforded an opportunity to ask any questions it has and to review any materials of interest to it concerning the Franchise Business, and that it has exhausted such efforts and has made the decision to enter into this Agreement without any influence by Licensor. Licensee agrees that any ambiguities in this Agreement will not be construed against Licensor.

### **18.5 Representative Capacity of Licensor's Personnel and Agents.**

Licensee acknowledges and agrees that in all of its dealings with Licensor, Licensor's owners, members, officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between Licensee and them as a result of this Agreement are deemed to be only between Licensee and Licensor. Licensee agrees that any claims it (or any of Licensee's owners) may have against Licensor's owners, members, officers, directors, employees or agents must be brought against Licensor only, and not against such owners, members, officers, directors, employees or agents in their individual capacity.

### **18.6 Independent Status of Contract; Uniformity of Agreements.**

Licensee understands and agrees that Licensor is entering into this Agreement with Licensee independently and separately from any franchise or license that Licensor may grant to any other person or entity, and that Licensee is not entering into this Agreement in reliance on or because of any other agreement that Licensor may have entered into with a third party. Licensee understands and agrees that the terms of Licensor's agreements with third parties, now and in the future, may be materially different with respect to any terms and condition of this Agreement, including but not limited to, royalty fees, advertising fees, transfer fees, territorial exclusivity, renewals and training. These variations may be based on any factors or conditions that Licensor deems to be in the best interest of the Tuffy franchise system or a particular

Center, including but not limited to, peculiarities of a particular location, customer base, density, lease provisions, business potential, population of trade area, existing business practices or any other condition that Licensor deems to be of importance to the operation of a specific Center. Also, these variations may result from Licensor, in its sole discretion, compromising, forgiving, or settling claims or disputes with or against other Licensees. Licensee will not be entitled to require Licensor to disclose or grant to Licensee a like or similar variation.

### **18.7 Ownership of Licensee; Guaranties.**

The name, entity classification, state of organization, owners and percentage of ownership of Licensee are set forth on the Legal Entity Form attached as Appendix B. Licensee represents that the information stated in Appendix B is accurate and complete. Licensee agrees that it will immediately notify Licensor (and comply with the provisions of Article 13 of this Agreement, if applicable) if there is any change in the information set forth in Appendix B. Failure to comply with this requirement will be a material default under this Agreement. Each of the owners of Licensee and their spouses must personally guaranty Licensee's obligations to Licensor by signing the Guaranty and Subordination Agreement attached as Appendix C. Also, if affiliates of Licensee operate Centers, those affiliates may be required to guaranty all of the Licensee's obligations to Licensor by signing the Guaranty and Subordination Agreement attached as Appendix C.

### **18.8 Citizenship and Immigration Status.**

Licensee warrants and represents that Licensee and each Principal either i) are United States citizens or ii) possess an immigration status that allows the same to live and work in the United States and that each of the same will maintain such immigration status throughout the term of this Agreement.

### **18.9 Terrorist and Money Laundering Activities.**

Licensee and each Principal, and Licensee's officers, directors, members, partners, and agents represent and warrant to Licensor that: (a) each is not identified by name or alias, pseudonym, or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control; (b) each is not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) each will not act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) each is in full compliance with all laws proscribing money laundering and corrupt practices. Further, Licensee and each Principal, and Licensee's officers, directors, members, partners, and agents represent and warrant to Licensor that each has not violated and agree not to violate any law prohibiting corrupt business practices, money laundering, or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the USA Patriot Act, U.S. Executive Order 13244, or any similar law. The foregoing constitute continuing representations and warranties, and Licensee, its Principals, officers, directors, members, partners, and agents must immediately notify Licensor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

## **ARTICLE NINETEEN – MISCELLANEOUS**

### **19.1 Waiver; Cumulative Remedies.**

No delay or omission to exercise a right, power or remedy accruing to one party on any default will impair any right, power or remedy of that party, and will not be construed to be a waiver of any default, or an acquiescence in any default, or in any similar default occurring later, nor will any waiver of any single default be deemed a waiver of any other default occurring before

or after that default. Any waiver, permit, consent or approval of any kind or character on the part of Licensor of any breach or default under this License Agreement or any waiver on the part of Licensor of any provision or condition of this License Agreement must be in writing signed by the President or Vice-President of Licensor and will be effective only to the extent specifically allowed by that writing. All remedies, either under this License Agreement, or by law, or otherwise afforded will be cumulative and not alternative.

### **19.2 Costs of Enforcement.**

Licensee must pay all costs and expenses incurred by Licensor in terminating or enforcing the provisions of this Agreement, including, but not limited to, all legal expenses, including attorney fees and court costs.

### **19.3 Obligations Joint and Severable.**

If there is more than one individual or entity executing this Agreement as Licensee, their obligations under this Agreement will be joint and severable.

### **19.4 Notice.**

Any notice or demand given or made pursuant to the terms of this Agreement must be served as follows:

(a) if given to Licensor, it must be sent by registered or certified mail or overnight courier service addressed to:

Gimex Properties Corp., Inc.  
7071 W. Central Avenue, Suite C  
Toledo, Ohio 43617

or at any other address designated by Licensor by notice under this section; and

(b) if given to Licensee, it must be delivered or mailed by registered or certified mail or overnight courier service to any of the persons designated in Item 5 of Appendix A or must be mailed by registered or certified mail to Licensee at the address of the Licensed Location.

Notices under this Section are effective on personal service, if applicable, or on the date of mailing if mailed by registered or certified mail or overnight courier service.

### **19.5 Unavoidable Contingency.**

Neither party will be responsible for any contingency that is unavoidable or beyond its control, including strike, flood, war, fire, rebellion, governmental limitation or Act of God.

### **19.6 Time of the Essence.**

Time will be of the essence for provisions of this License Agreement requiring the payment of monies and opening of the Franchise Business.

### **19.7 Entire Agreement; Modifications.**

This Agreement and all schedules and other documents attached to or incorporated by reference in this Agreement will constitute the full and entire Agreement between the parties. This Agreement supersedes all previous written and oral agreements or understandings between the

parties. Nothing in this Section or otherwise in this Agreement is intended to disclaim or waive Licensee's reliance on any authorized statements made in the Franchise Disclosure Document delivered to Licensee or in the exhibits and amendments to the Franchise Disclosure Document. This Agreement will not be amended or modified other than by an instrument in writing executed by both parties, except as otherwise may have been specifically provided for in this Agreement.

**19.8 Severability.**

Each section, part or provision of this Agreement will be considered severable. In the event that a Court of competent jurisdiction finds any section, part or provision unenforceable, that determination will not impair the operation or affect the validity of the remainder of this Agreement.

**19.9 Signing of License Agreement by Licensee.**

*You must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, unless you received Licensor's Franchise Disclosure Document at least 15 calendar-days before the date you sign. If you are a resident of or your franchise will be located in Indiana, Iowa, Maryland, Michigan, New York, Oklahoma and Rhode Island, Washington or Wisconsin, you must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, unless you received Licensor's Franchise Disclosure Document before the earliest of: (a) 10 business days before the date you sign; or (b) 15 calendar-days before the date you sign. If any of the terms of this License Agreement or any other agreements relating to the franchise, such as a sublease, differ materially from those presented in the documents attached to the Franchise Disclosure Document delivered to you (other than terms you negotiated with Licensor), then you must not sign this License Agreement or any other agreements relating to the franchise, such as a sublease, until you have had the signature copy of the agreement in your possession at least 8 calendar days before you sign. If you sign this License Agreement or any other agreements relating to the franchise, such as a sublease, sooner than these dates, the signed agreement will be returned to you and you will be asked to re-sign the agreement.*

GIMEX PROPERTIES CORP., INC.

\_\_\_\_\_ Licensee

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**OBLIGATIONS OF INDIVIDUALS INVOLVED IN LICENSEE'S BUSINESS**

Each of the undersigned, being directly or indirectly beneficially interested in the business to be conducted by Licensee, under this License Agreement, and in order to induce Licensor to enter into this License Agreement and in consideration of Licensor entering into this License Agreement, joins in and agrees to be personally bound by all the terms and provisions of this Agreement, other than those requiring the payment of money by Licensee, to the same extent and in the same manner as Licensee is bound. This Section will not impair any separate instrument of guaranty or subordination that any of the undersigned may have executed or may execute in the future.

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**APPENDIX A**

ITEM 1: The location of the Franchise Business ("Licensed Location") or the geographic area in which said Franchise Business will be located, as referred to in Section 1.1, is:

\_\_\_\_\_

ITEM 2: The Protected Area referred to in Section 1.2 is *[If there is a Protected Area specified in this Item 2, the Protected Area specified will control over any inconsistent Protected Area described in Section 1.2]:*

\_\_\_\_\_

ITEM 3: The initial term of the License Agreement referred to in Section 2.1 will continue until \_\_\_\_\_ years after Licensee opens the Franchise Business for business. The renewal period(s) referred to in Section 2.2 will be \_\_\_\_\_ period(s) of \_\_\_\_\_ years (each). *[If a term and/or renewal period are specified in this Item 3, the term and/or renewal period specified will control over any inconsistent term and/or renewal period specified in Sections 2.1 and 2.2.]* Once the date that the Franchise Business opens for business is determined, Licensor will insert that date into Schedule 1 to Appendix A and will send Licensee a copy of the completed Schedule 1. The date set forth by Licensor in Schedule 1 will be considered the date the Franchise Business opens for business for all purposes under the License Agreement and any Lease or Sublease between the parties.

ITEM 4: Licensee must commence operation of the Franchise Business at the Licensed Location no later than: \_\_\_\_\_ *[If a date is specified in this Item 4, the date specified will control over any inconsistent date specified in Section 8.5].*

ITEM 5: The "Principal(s)" for purposes of the License Agreement is/are:

\_\_\_\_\_

*[If an individual or individuals are listed in this Item, the individuals listed will be the Principal(s) of Licensee as defined in Section 9.7].*

Dated: \_\_\_\_\_

GIMEX PROPERTIES CORP., INC.

\_\_\_\_\_  
Licensee

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**Schedule 1 to Appendix A**

Schedule 1 to Appendix A of License Agreement dated \_\_\_\_\_, 20\_\_ ("License Agreement") between GIMEX PROPERTIES CORP.,INC. ("Licensor") and \_\_\_\_\_ ("Licensee") for a Tuffy Auto Service Center operated at \_\_\_\_\_ ("Center").

In accordance with Item 3 of Appendix A of the License Agreement, the Franchise Business opened for business on \_\_\_\_\_, 20\_\_ and the term of the initial term of the License Agreement will expire on \_\_\_\_\_, 20\_\_. The renewal period(s) referred to in Section 2.2 will be \_\_\_\_\_ period(s) of \_\_\_\_\_ years (each). The opening date designated in this Schedule 1 will be considered the date the Franchise Business opened for business for all purposes under the License Agreement and any Lease or Sublease between the parties.

GIMEX PROPERTIES CORP., INC.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

**APPENDIX B—LEGAL ENTITY FORM**

THE UNDERSIGNED REPRESENT THAT THE FOLLOWING IS CORRECT AND TRUE:

1. LEGAL NAME: \_\_\_\_\_

TYPE OF ENTITY (sole proprietorship, corporation, partnership, limited liability company): \_\_\_\_\_

STATE OF ORGANIZATION OF ENTITY: \_\_\_\_\_

d/b/a (if applicable): \_\_\_\_\_

ADDRESS: \_\_\_\_\_

BUSINESS TELEPHONE: \_\_\_\_\_

FEDERAL EMPLOYER IDENTIFICATION NUMBER: \_\_\_\_\_

2. NAME, HOME ADDRESS/PHONE, TITLE, % OWNERSHIP

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Title \_\_\_\_\_ % Ownership \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Title \_\_\_\_\_ % Ownership \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Title \_\_\_\_\_ % Ownership \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Title \_\_\_\_\_ % Ownership \_\_\_\_\_

3. ALL OWNERS MUST SIGN:

\_\_\_\_\_ Dated: \_\_\_\_\_

\_\_\_\_\_ Dated: \_\_\_\_\_

\_\_\_\_\_ Dated: \_\_\_\_\_

\_\_\_\_\_ Dated: \_\_\_\_\_

NOTES: (1) ALL LEGAL ENTITY DOCUMENTATION must be submitted to the Licensor prior to issuance of any imprinted material (business cards, invoices, warranties). If documentation is submitted at a later date, invoices will be imprinted with Licensee's personal name.

If the business is a partnership, a copy of the Partnership Registration must be submitted to the Licensor. If the business is a corporation, a copy of the Articles of Incorporation must be submitted to the Licensor. If the business is another entity, copies of any organizing documents or state filing must be submitted to Licensor.

(2) If using an assumed name or d/b/a (doing business as), a true copy of the registration from the state and/or county must be submitted to the Licensor.

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## **APPENDIX C—GUARANTY AND SUBORDINATION AGREEMENT**

The persons signing below (each a “Guarantor”), in order to induce GIMEX PROPERTIES CORP., INC., a Delaware corporation (“Licensor”) to enter into a License Agreement, dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, with \_\_\_\_\_ (“Licensee”), unconditionally, jointly and severally:

1. guaranty to Licensor and its affiliates and their successors and assigns, the prompt and full payment and performance of all obligations of the Licensee to Licensor and its affiliates including, without limitation, all obligations arising out of the License Agreement or any other agreement between the parties, such as leases, subleases, notes or security agreements, or out of purchases on open account, all without Licensor or its affiliates first having to proceed against Licensee or otherwise enforce or commence to enforce payment of those obligations;

2. agree to pay to Licensor and its affiliates all costs and expenses, including reasonable attorney fees, incurred in enforcing this Guaranty;

3. waive acceptance of this Guaranty by Licensor and its affiliates and waive presentment, demand for payment, protest, notice of dishonor and any other notice or demand of any kind and the necessity of Licensor or its affiliates instituting legal proceedings against the Licensee;

4. consent that Licensor and its affiliates will have the right, without notice, to deal in any way at any time with Licensee or any other guarantor, or to grant any such party any extensions of time for payment of any indebtedness, or to sell, release, surrender, exchange, substitute, settle, compromise, waive, subordinate or modify, with or without consideration and on such terms and conditions as may be acceptable to Licensor and its affiliates, any and all collateral, security, guaranties, obligations, indebtedness, liabilities, notes, instruments or other evidence of indebtedness concerning which payment is guaranteed hereby, or grant any other indulgences or forbearances whatever, without in any way affecting Guarantor’s liabilities under this Guaranty;

5. agree that any indebtedness by the Licensee to Guarantor, for any reason, currently existing, or which might arise after this Guaranty, will at all times be inferior and subordinate to any indebtedness owed by the Licensee to Licensor and its affiliates;

6. agree that as long as the Licensee owes any monies to Licensor and its affiliates (other than payments that are not past due) the Licensee will not pay and Guarantor will not accept payment of any part of any indebtedness owed by the Licensee to Guarantor, either directly or indirectly, without the consent of Licensor;

7. agree that the liability of Guarantor is independent of any other guaranties at any time in effect with respect to all or any part of Licensee’s indebtedness to Licensor and its affiliates, and that the liability created hereby may be enforced regardless of the existence of any other guaranties;

8. agree that this Guaranty will be binding on the heirs, devisees, successors and assigns of Guarantor and will inure to the benefit of Licensor’s and its affiliates’ successors and assigns;

9. agree that the obligations of the Guarantors under this Guaranty (if there is more than one Guarantor) are joint and several;

10. agree that this Guaranty and the construction of this Guaranty will be governed by the laws of the State of Ohio (without reference to the conflict of laws provisions) and that any legal proceedings to enforce this Agreement must be brought and conducted only in a state or federal court located in the county in which Licensor's principal place of business is located, except legal proceedings brought by Licensor or its affiliates for injunctive relief or to obtain possession of real and personal property from Guarantor or to enforce a judgment against Guarantor may, at Licensor's option, be brought in a state or federal court for the county in which Guarantor's resides or has a business, and that Guarantor consents to and waives any objections to jurisdiction and venue in the courts specified in this paragraph; and

11. ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED AND, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR THE INDEBTEDNESS COVERED BY THIS GUARANTY.

(Individual Guarantors)

Dated: \_\_\_\_\_

\_\_\_\_\_  
GUARANTOR

Dated: \_\_\_\_\_

\_\_\_\_\_  
GUARANTOR

\_\_\_\_\_  
Corporate, LLC or Partnership Guarantor

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**DISCLOSURE ACKNOWLEDGEMENT STATEMENT**

GIMEX PROPERTIES CORP., INC., a Delaware corporation (“Licensor”), through the use of this document, desires to ascertain that \_\_\_\_\_ (“Licensee”) fully understands that the purchase of a Tuffy Auto Service Center franchise is a business decision, complete with associated risks, and that it is the policy of Licensor to verify that Licensee is not relying on any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise that have not been authorized by Licensor.

1. Licensee recognizes and understands that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including the skills and abilities of Licensee, the hours worked by Licensee, competition, interest rates, the economy, inflation, store location, operation costs, lease terms and costs and the market place. Licensee hereby acknowledges its willingness to undertake these business risks.

2. Licensee acknowledges that he has had the opportunity to personally and carefully review Licensor’s Franchise Disclosure Document and all documents to be signed by Licensee. Furthermore, Licensee has been advised to seek professional assistance, to have professionals review the documents, and to consult with Licensee regarding the risks associated with the purchase of the franchise.

3. Licensee agrees and states that the decision to enter into this business risk is in no manner predicated upon any oral representations, assurances, warranties, guarantees or promises made by Licensor as to the likelihood of success of the franchise. Licensee further acknowledges that he has not received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings except for those set forth in the Licensor’s Franchise Disclosure Document. If Licensee believes that he has received any information concerning actual, average, projected or forecasted franchise sales profits or earnings other than as set forth in Licensor’s Franchise Disclosure Document, please describe these in the space provided below or write "None".

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\_\_\_\_\_  
Licensee

DATED: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ADDENDUM TO LICENSE AGREEMENT-RENEWAL**

**EXHIBIT D**

**ADDENDUM TO LICENSE AGREEMENT-RENEWAL**

THIS ADDENDUM is made effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and modifies a License Agreement effective on the same date entered into by GIMEX PROPERTIES CORP., INC., a Delaware corporation ("Licensor") and \_\_\_\_\_, a \_\_\_\_\_ ("Licensee").

**A. Introduction.** Licensor and Licensee are parties to a license agreement dated \_\_\_\_\_, the term of which expired or will expire on \_\_\_\_\_, 20\_\_\_\_ ("Old Agreement"). Licensee desires to renew its franchise relationship with Licensor and has signed a new license agreement to which this Renewal Addendum is attached ("License Agreement"). Licensor and Licensee desire to amend the License Agreement to reflect Licensee's status as an existing licensee renewing an ongoing relationship. All capitalized terms not otherwise defined in this Renewal Addendum will have the same meaning as in the License Agreement.

**B. Release of Licensor.** As a condition of renewal, Licensee hereby releases and forever discharges Licensor and its parents, subsidiaries, and affiliates, and the respective officers, directors, agents, members and employees of Licensor and its parents, subsidiaries, and affiliates from all liability, right, claim, debt and cause of action whatsoever, known or unknown, suspected or unsuspected, which Licensee ever had, now has or may have at any time based on any agreement entered into between the parties on or before the date of this agreement, including but not limited to the Old Agreement, or based on any act or omission occurring on or before the date of this agreement.

**C. Term.** Section 2.1 of the License Agreement is amended to read as follows:

2.1 Term. The term of the License Agreement will begin on the date of this Agreement and continue until \_\_\_\_\_, 20\_\_\_\_.

**D. Renewal Term.** The first paragraph of Section 2.2 of the License Agreement is amended to read as follows:

Subject to the consent of Licensor, the rights of Licensee under this Agreement will automatically renew for an additional period of \_\_\_\_ years unless Licensee notifies Licensor in writing, at least 180 days before the end of the then expiring term, that it elects to not renew the franchise.

**E. Renovation and Modernization.** In accordance with Section 2.2(d) of the Old Agreement, Licensee must complete the décor and premises renovations, equipment modernization, etc., specified below. These actions must be completed by \_\_\_\_\_, 20\_\_\_\_.

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**F. Initial License Fee.** Licensee is not required to pay the initial license fee specified in Section 3.1(a) of the License Agreement.

**G. Initial Advertising Fee.** Sections 3.1(c) and 10.1 of the License Agreement are deleted.

H. **Location of Center.** Section 6.1 of the License Agreement is amended to read as follows:

6.1 **Location of Center; Licensor's Assistance.** Licensee must operate the Center only at the location designated in Item 1 of Appendix A (the "Licensed Location").

Section 6.2 of the License Agreement is deleted.

I. **Store Opening Obligations.** Sections 8.1 through 8.5 and Item 4 of Appendix A of the License Agreement are deleted.

J. **Operational Assistance.** The first sentence of the first paragraph and all of the second paragraph of Section 9.3 of the License Agreement are deleted.

K. **Initial Training.** Section 11.1 of the License Agreement is deleted.

L. **Termination.** Sections 14.4(c) and 14.4(i) are deleted.

M. **Surviving Provisions of Old Agreement.** Any provision in the Old Agreement, which by its terms or reasonable implication imposes an obligation to be performed, in whole or in part, after the expiration of the Old Agreement, will survive the termination or expiration of the Old Agreement and will remain in full force and effect.

N. **Legal Effect.** Except as modified by this Addendum, the License Agreement will remain in full force and effect and is incorporated in this Addendum by reference.

GIMEX PROPERTIES CORP., INC.,  
Licensor

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
Licensee

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ADDENDUM TO LICENSE AGREEMENT-TRANSFER**

**EXHIBIT E**

**ADDENDUM TO LICENSE AGREEMENT-TRANSFER**

THIS ADDENDUM is made the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and modifies a License Agreement of the same date ("License Agreement") entered into by GIMEX PROPERTIES CORP., INC., a Delaware corporation ("Licensor") and \_\_\_\_\_, a \_\_\_\_\_ ("Licensee").

**A. Introduction.** Licensee has entered into an agreement ("Purchase Agreement") to purchase the Tuffy Auto Service Center located at \_\_\_\_\_ ("Center") from the current owner of the Center. Licensor and Licensee desire to amend the License Agreement to reflect the fact that Licensee is acquiring an open and operating Center by transfer from an existing licensee of Licensor. All capitalized terms not otherwise defined in this Transfer Addendum will have the same meaning as in the License Agreement.

**B. Contingency; Date of Effectiveness of License Agreement.** The rights and obligations of the parties under the License Agreement are contingent on: (1) Licensee's completion of Licensor's initial training program; and (2) the closing of the transaction under the Purchase Agreement and the transfer of possession and ownership of the Center to Licensee. If these contingencies are not met by \_\_\_\_\_, 20\_\_\_\_, the License Agreement will be null and void. In that event Licensor will have the right to retain the transfer fee paid by Licensee and otherwise the parties will have no further rights or obligations to each other under the License Agreement. If these contingencies are met by the date specified above in this Section, then the License Agreement will become effective on the date that Licensee receives possession and ownership of the Center.

**C. Term.** Section 2.1 of the License Agreement is amended to read as follows:

2.1 Term. The term of the License Agreement will begin on the effective date of the License Agreement as described in Section B above and continue until \_\_\_\_\_, 20\_\_\_\_.

**D. Renewal Term.** The first paragraph of Section 2.2 of the License Agreement is amended to read as follows:

Subject to the consent of Licensor, the rights of Licensee under this Agreement will automatically renew for an additional period of \_\_\_\_ years unless Licensee notifies Licensor in writing, at least 180 days before the end of the then expiring term, that it elects to not renew the franchise.

**E. Renovation and Modernization.** Licensee must complete the décor and premises renovations, equipment modernization, etc., specified below. These actions must be completed by \_\_\_\_\_, 20\_\_\_\_.

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**F. Initial License Fee.** Licensee is not required to pay the initial license fee specified in Section 3.1(a) of the License Agreement. In lieu of the initial license fee, Licensee must pay a

transfer fee in the amount of \$ \_\_\_\_\_. The transfer fee is payable on or before the signing of the License Agreement.

**G. Initial Advertising Fee.** Sections 3.1(c) and 10.1 of the License Agreement are deleted.

**H. Location of Center.** Section 6.1 of the License Agreement is amended to read as follows:

6.1 Location of Center; Licensor's Assistance. Licensee must operate the Center only at the location designated in Item 1 of Appendix A (the "Licensed Location").

Section 6.2 of the License Agreement is deleted.

**I. Store Opening Obligations.** Sections 8.1 through 8.5 and Item 4 of Appendix A of the License Agreement are deleted.

**J. Operational Assistance.** The first sentence of Section 9.3 of the License Agreement is amended to read as follows:

Licensor will provide one or more employees to assist in the set-up and operation of Licensee's Franchise Business for approximately three to four days after the opening of the Franchise Business.

**K. Termination.** Section 14.4(i) is deleted.

**L. Legal Effect.** Except as modified by this Addendum, the License Agreement will remain in full force and effect and is incorporated in this Addendum by reference.

GIMEX PROPERTIES CORP., INC.,  
Licensor

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
Licensee

By: \_\_\_\_\_

Its: \_\_\_\_\_

**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT F**

**GIMEX PROPERTIES CORP., INC.**  
**AREA DEVELOPMENT AGREEMENT**

THIS AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between GIMEX PROPERTIES CORP., INC., a Delaware corporation ("Licensor") and \_\_\_\_\_ ("Developer").

1. Introduction. Licensor and Developer have entered into a GIMEX PROPERTIES CORP., INC. License Agreement dated \_\_\_\_\_, 20\_\_\_\_, ("First License Agreement") by which Developer has acquired the right to own and operate a Tuffy Auto Service Center franchise. Developer desires to obtain the exclusive right to open a number of additional Tuffy Auto Service Center franchises in the Territory described on the attached Exhibit A ("Territory"). Licensor is willing to grant Developer those exclusive rights under the terms of this Agreement.

2. Developer Rights. During the term of this Agreement, and while Developer is in substantial compliance with the provisions of this Agreement and any other agreement between Developer and Licensor:

a. Licensor will not operate or issue a license to any other person to operate a Tuffy Auto Service Center in the Territory; and

b. Developer will have the right to acquire additional licenses for operation of Tuffy Auto Service Centers in the Territory ("Units") on the execution of the then current license agreement for each additional Unit.

3. Area Development Fee. Developer must pay an area development fee of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars on execution of this Agreement. This fee is not refundable.

4. Development Schedule. The Developer must develop a minimum of \_\_\_\_\_ (\_\_\_\_) Units in the Territory pursuant to the following minimum development schedule:

a. by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, there must be a minimum of \_\_\_\_\_ (\_\_\_\_) Units in operation in the Territory;

b. by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, there must be a minimum of \_\_\_\_\_ (\_\_\_\_) Units in operation in the Territory;

c. by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, there must be a minimum of \_\_\_\_\_ (\_\_\_\_) Units in operation in the Territory;

d. by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, there must be a minimum of \_\_\_\_\_ (\_\_\_\_) Units in operation in the Territory;

e. by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and continually after that, there must be a minimum of \_\_\_\_\_ (\_\_\_\_) Units in operation in the Territory;

Time is of the essence for purposes of this minimum development schedule. If a failure to comply with the minimum development schedule is due to causes beyond the control of the Area

Developer, such as strike, weather, the inability to obtain essential equipment or materials, or fire, and the Area Developer has acted in good faith to comply with the development schedule, the development schedule will be extended for an additional time equal to the delay. However, in no event will the development schedule be extended for more than 120 days unless the delays are caused by Licensor.

5. License Agreements.

a. Approval of Location. Each location submitted by Developer to Licensor will be reviewed for approval pursuant to Licensor's then current standards and procedures.

b. Execution of License Agreements. For each Unit to be opened pursuant to this Agreement, Developer must execute the then current license agreement modified as provided below ("License Agreement"). Licensor is not required to execute a License Agreement with Developer if that execution would be in violation of any state or federal law.

c. Term of Additional License Agreements; Protected Area. Each License Agreement will provide for a fifteen (15) year initial term and options to continue as a franchisee for three (3) additional periods of five (5) years each. Each License Agreement may set forth a separate protected area pursuant to the then current policies and practices of Licensor.

d. Initial License Fees. On the execution of each License Agreement, including the First License Agreement and, in lieu of the initial license fee stated in each agreement, Developer must pay to Licensor a Five Thousand (\$5,000) Dollar initial license fee.

e. Royalties. Developer must pay a royalty of only two and one-half (2-1/2%) percent of gross sales for the first six (6) months of operation of each Unit. After the six (6) month period for each of those Units, Developer must pay the royalty specified in the License Agreement for that Unit. Notwithstanding the foregoing, Licensee is only required to pay a royalty of one (1%) percent on gross sales arising from the sales of tires and batteries. Licensee must pay the full royalty specified in the preceding paragraph on gross sales arising from all products or services arising from or related to the sale of tires and batteries, such as tire balancing, tire rotation, replacing tire valve stems, wheel alignments, starters, alternators, regulators, replacing alternator belts, etc.

6. Term; Renewal. The term of this Agreement will begin on the date of this Agreement and expire on \_\_\_\_\_, 20\_\_ unless terminated before that date by Licensor in accordance with the provisions of this Agreement. On completion of the initial term of this Agreement, Developer will have the option(s) to extend this Agreement for \_\_\_\_ (\_\_) additional period(s) of \_\_\_\_ (\_\_) years each without the payment of any additional fees if:

a. at the beginning of the renewal period, Developer is not in default of this Agreement or any other Agreement between the parties and is not otherwise indebted to Licensor;

b. Developer provides written notice of its desire to continue as a Developer no more than six (6) months and no less than three (3) months before the expiration of the initial term of this Agreement; and

c. before the beginning of the renewal period, Developer and Licensor agree on a minimum development schedule that will apply during the renewal period. If Developer and Licensor are unable to agree on a minimum development schedule for the renewal period, the matter will be decided by binding arbitration in accordance with the applicable rules of the American Arbitration Association. Any decision of the arbitrator(s) must be based on the same criteria used by Licensor to determine the development schedule for the initial term of this Agreement. On renewal, the development schedule applicable to the renewal period will be set forth in writing and attached as an addendum to this Agreement.

7. Proprietary Rights; Confidentiality. This Agreement does not grant to Developer the right to use any of the knowledge, trade names or trademarks of Licensor nor to conduct any of the operations of a licensed Tuffy Auto Service Center; those rights can be granted only on execution of a License Agreement. Developer agrees to abide by the terms of the First License Agreement with respect to any knowledge or information acquired pursuant to this Agreement.

8. Assignment. Developer must not assign or in any manner transfer this Agreement or any rights under this Agreement without the previous written consent of Licensor.

9. Termination. Licensor will have the right to terminate this Agreement on the occurrence of any of the following events:

a. the expiration, non-renewal or termination of the First License Agreement or any other License Agreement executed pursuant to this Agreement;

b. the occurrence of any event that gives Licensor the right to terminate any License Agreement between the parties, whether or not the License Agreement is in fact terminated;

c. the default of Developer under any other agreement entered into with Licensor;

d. the failure to comply with the minimum development schedule set forth in Section 4;

e. the attempted assignment of this Agreement by Developer without the consent of Licensor;

f. any material misrepresentation or omission made by Developer to Licensor to induce Licensor to enter into this Agreement or any License Agreement executed pursuant to this Agreement; and

g. any other breach of this Agreement by Developer.

10. Effect of Termination or Expiration. On termination or expiration of this Agreement, all rights of Developer under this Agreement will cease including the right to exclusive

development of the Territory. Developer may continue to operate Tuffy Auto Service Centers pursuant to then existing License Agreements if those License Agreements have not been terminated pursuant to their terms.

11. Independent Contractor; Indemnification. Developer will be considered an independent contractor with control and direction of its business and operations. No agency, employment, partnership or joint venture is created by this Agreement and neither party has the right to act on behalf of the other. Developer agrees to indemnify and hold Licensor harmless from any and all claims, actions, demands, proceedings, covenants, damages or liabilities and all related expenses, including reasonable attorney fees and court costs arising out of or in any way connected with the conduct of Developer's business.

12. Notices. Any notice, demand or request that may be or is required to be given under this Area Development Agreement must be sent by registered or certified mail or overnight courier service to the addresses set forth below or such other address as may be designated by notice pursuant to this Section. Notices under this Section are effective on the date of mailing.

Licensor:

GIMEX PROPERTIES CORP., INC.  
7071 W. Central Avenue, Suite C  
Toledo, Ohio 43617

Developer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Ohio Laws and Jurisdiction. This Agreement and the construction of this Agreement will be governed by the laws of the State of Ohio (without reference to the conflict of laws provisions) and shall be deemed to be offered, accepted, and entered into by the Parties, respectively, in the State of Ohio. Any legal proceedings between the parties must be brought and conducted only in a state or federal court located in the county in which the Licensor's principal place of business is located, except legal proceedings brought by Licensor to obtain possession of real and personal property from Developer may, at Licensor's option, be brought in a state or federal court for the county in which Developer's business is located. Developer consents to and waives any objections to jurisdiction and venue in the courts specified in this Section.

14. Miscellaneous. The following additional provisions apply to this Agreement:

a. Agreement Binding. This Agreement will be binding on the heirs, executors, administrators, successors and assigns of the parties hereto;

b. Entire Agreement; Modification. This Agreement and all the schedules and other documents attached to or incorporated by reference in this Agreement will constitute the full and entire agreement as to the matters covered in this Agreement. This Agreement supersedes all previous written and oral agreements or understanding between the parties as to the matters covered in this

Agreement. Nothing in this Section or otherwise in this Agreement is intended to disclaim or waive Developer's reliance on any authorized statements made in the Franchise Disclosure Document delivered to Developer or in the exhibits and amendments to the Franchise Disclosure Document. This Agreement may be amended or modified only by a writing executed by all parties;

c. Costs of Enforcement. Developer agrees to pay all costs incurred by Licensor in enforcing the provisions of this Agreement, including the cost of all phone calls, travel and legal expenses, including reasonable attorney fees;

d. Waiver. The failure of any party to demand strict compliance with a covenant or condition of this Agreement will not be a waiver of its right to demand strict compliance in the future;

e. Titles and Captions. All paragraphs, titles or captions contained in this Agreement are for convenience only and will not be deemed part of the context of this Agreement;

f. Counter Parts. This Agreement may be executed in two (2) or more counter parts, each of which will be deemed an original; and

g. Pronouns and Plurals. All pronouns and variations will be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

LICENSOR:

DEVELOPER:

GIMEX PROPERTIES CORP., INC.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

PERSONAL GUARANTEE

The undersigned individuals represent and warrant that they are all of the shareholders, partners or other owners of Developer or otherwise have a direct or indirect beneficial interest in the success of Developer. In order to induce Licensor to enter into this Area Development Agreement, each of the undersigned individuals jointly and severally guarantees the performance of Developer's obligations under this Area Development Agreement and each of the undersigned individuals jointly and severally agrees to be bound by all of the provisions of this Area Development Agreement.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

EXHIBIT A

TO GIMEX PROPERTIES CORP., INC.  
AREA DEVELOPMENT AGREEMENT

WITH \_\_\_\_\_  
DATED THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

The "Territory" referred to in the Agreement is:

**LICENSE TERMINATION AND MUTUAL RELEASE AGREEMENT**

**EXHIBIT G**

**GIMEX PROPERTIES CORP., INC.**  
**LICENSE TERMINATION AND MUTUAL RELEASE AGREEMENT**

THIS AGREEMENT is made effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and is made by GIMEX PROPERTIES CORP., INC., a Delaware corporation ("Licensor") and \_\_\_\_\_, a \_\_\_\_\_ ("Licensee").

1. **Introduction.** Licensee entered into a License Agreement with Licensor dated \_\_\_\_\_, 20\_\_\_\_ (the "License Agreement"). Licensee has not signed a lease or sublease or purchased the real estate for an approved location for the Franchise Business within 12 months of the execution of the License Agreement and Licensor or Licensee have elected to terminate the License Agreement on written notice to the other party. Under the terms of the License Agreement, Licensee is entitled to a refund of a portion of the initial license fee paid by Licensee, subject to the parties signing this Agreement.

Accordingly, in consideration of the termination of the License Agreement and the payment of the refund to which Licensee is entitled (as provided below), Licensor and Licensee agree as follows:

2. **Termination of License Agreement; Payment to Licensee.** Licensor and Licensee agree that the License Agreement is terminated as of the effective date of this Agreement and that Licensee is entitled to a refund from Licensor in the amount of \$20,000. Licensor will pay this amount to Licensee within seven days of the effective date of this Agreement.

3. **Surviving Provisions of License Agreement.** The obligations of Licensee under the following provisions of the License Agreement will survive the termination of the License Agreement:

(a) Section 5.1 of the License Agreement relating to Licensee's acknowledgments of the validity and ownership of the Tuffy Marks.

(b) Article 12 of the License Agreement relating to confidential information and restrictions on competition.

(c) Section 16.3 of the License Agreement relating to indemnification based on acts or omissions occurring on or before the effective date of this Agreement.

(d) Article 17 of the License Agreement relating to applicable law, jurisdiction and injunctive relief.

(e) Section 19.2 of the License Agreement relating to costs of enforcement.

The listed obligations are referred to as the "Surviving Obligations."

4. **Mutual Releases.** Subject to the terms of this Agreement, Licensor on behalf of itself and its subsidiaries, affiliates, predecessors, successors and assigns, releases Licensee, and the principals, members, representatives, owners, employees, officers, agents, successors and assigns of Licensee from all liability, right, claim, debt and cause of action, whether known or

unknown, suspected or unsuspected, which Licensor ever had, now has or may have at any time, based on any agreement entered into between the parties on or before the date of this Agreement or based on any act or omission occurring on or before the date of this Agreement; except that this release will not affect the obligations of Licensee under this Agreement and the Surviving Obligations.

Effective on the date of this Agreement, Licensee and the principals, members, representatives, owners, employees, officers, agents, successors and assigns of Licensee release Licensor and its parents, affiliates, and subsidiaries and the representatives, owners, employees, officers, directors, agents, attorneys, licensees, successors and assigns of Licensor and its parents, affiliates, and subsidiaries, from all liability, right, claim, debt and cause of action, whether known or unknown, suspected or unsuspected, which Licensee and/or the principals, members, representatives, owners, employees, officers, agents, successors and assigns of Licensee ever had, now have or may have at any time, based on any agreement entered into between the parties on or before the date of this Agreement or based on any act or omission occurring on or before the date of this Agreement; except that this release will not affect the obligations of Licensor under this Agreement.

**5. Applicable Law; Jurisdiction.** This Agreement and the construction of this Agreement will be governed by the laws of the State of Ohio (without reference to the conflict of laws provisions). Any legal proceedings between the parties must be brought and conducted only in a state or federal court located in the county in which the Licensor's principal place of business is located, except legal proceedings brought by Licensor for injunctive relief or to obtain possession of real or personal property from Licensee or to collect on a judgment may, at Licensor's option, be brought in a state or federal court for the county in which Licensee's business is located. Licensee consents to and waives any objections to jurisdiction and venue in the courts specified in this Section.

**6. Advice of Counsel.** Each of the parties represents that they have had or have had the opportunity to have independent counsel of their choice review this Agreement. Each of the parties further represents that it/he/she has read the Agreement and knows the contents of the Agreement and has signed this Agreement as its/his/her own free act.

**7. Additional Provisions.** The following additional provisions will apply to this Agreement:

(a) This Agreement is binding on the heirs, executors, administrators, successors and assigns of the parties.

(b) This Agreement supersedes all prior written or oral agreements or understandings between the parties and, along with the Surviving Obligations, contains the entire agreement between the parties.

(c) Licensee agrees to pay all costs incurred by Licensor in enforcing the provisions of this Agreement, including, but not limited to reasonable attorney fees.

(d) This Agreement may be amended or modified only by an agreement in writing signed by all the parties.

(e) The failure of any party to demand strict compliance with a covenant or condition of this Agreement will not be a waiver of its right to demand strict compliance in the future.

(f) This Agreement may be signed in two or more counterparts, each of which will be considered an original even if the signatures of all the parties are not contained in one document. This Agreement will be considered signed by a party if that party signs the Agreement and faxes or emails a copy of the Agreement containing that party's signature to the other party.

The parties have signed this Agreement on the dates set forth opposite their signatures to be effective on the date of signing by the last person to sign this Agreement.

GIMEX PROPERTIES CORP., INC.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
LICENSEE

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**SUBLEASE**

**EXHIBIT H**

**GIMEX PROPERTIES CORP., INC.**  
**SUBLEASE**

THIS SUBLEASE is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by GIMEX PROPERTIES CORP., INC., a Delaware corporation (“Sublessor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Subtenant”).

1. **Leased Premises.** The Sublessor has previously entered into a Lease as Lessee/Tenant with \_\_\_\_\_, as Lessor/Landlord (“Landlord”) dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, a copy of which is attached (“Prime Lease”), for the premises commonly known as \_\_\_\_\_ (“Premises”). Subtenant desires to sublease the Premises from Sublessor for the sole purpose of operating a Tuffy Auto Service Center franchise (a “Tuffy Franchise”).

The Sublessor leases to Subtenant and Subtenant leases from Sublessor the Premises on the terms set forth in this sublease.

2. **Term; Renewal.** The term of this Sublease will begin on the Commencement Date and continue from that date for a period of \_\_\_\_ years, unless sooner terminated as set forth in this Sublease. However, the term of this Sublease will not extend beyond the term of the Prime Lease. If the construction of the Premises has not been completed at the time of signing of this Sublease, the Commencement Date will be the earlier of: (a) the date that Subtenant opens for business; or (b) the date of issuance of a certificate of occupancy for the Premises. If the construction of the Premises has been completed at the time of signing of this Sublease, the Commencement Date will be the date of delivery of possession to Subtenant. The Commencement Date is the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ and the ending date of the term is the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

If the construction of the Premises has not been completed at the time of signing of this Sublease, Subtenant acknowledges and agrees that: (a) the Commencement Date and ending date of the Sublease set forth in the preceding paragraph and the time periods in the first column of the table set forth in Section 3(a) of this Sublease will not be completed until Sublessor knows the Commencement Date; and (b) once the Commencement Date is known, Sublessor will notify Subtenant of that date and will complete the dates in this Section and Section 3(a) and will provide Subtenant an original signed copy of this Sublease with those dates completed.

Subject to the consent of Sublessor and to Sublessor having rights as a Lessee/Tenant under the Prime Lease, the rights of Subtenant under this Sublease will automatically renew for \_\_\_\_\_ (\_\_\_\_) additional and consecutive terms of \_\_\_\_\_ (\_\_\_\_) years each unless Subtenant notifies Sublessor in writing at least \_\_\_\_\_ (\_\_\_\_) days before the current term of the Sublease expires that it elects not to renew the Sublease. On renewal, the terms and conditions of this Sublease will continue in full force and effect for the renewal period.

Sublessor will notify Subtenant in writing at least 90 days before the end of the then expiring term if Sublessor does not consent to the renewal of the Sublease. If the License Agreement between Gimex Properties Corp., Inc. and Subtenant for operation of a Tuffy Franchise at the Premises is being renewed or has not expired and Sublessor has chosen to renew the Prime Lease, Sublessor agrees that it will not unreasonably withhold its consent to renewal of the Sublease. The parties agree that valid reasons for Sublessor to withhold consent to renewal in such cases include, but are not limited to: (i) Subtenant is then in default under this

Sublease; (ii) Subtenant or any corporation, partnership, limited liability company or other entity controlled by or under common control with Subtenant or one or more of the owners of Subtenant is in default under any other obligation owed to Sublessor, Gimex Properties Corp., Inc., or their affiliates; (iii) Subtenant has, on numerous occasions, failed to timely pay its obligations to Sublessor under this Sublease or any other agreement; (iv) Subtenant is not in compliance with the operations, appearance, maintenance, and/or other standards and policies applicable to Tuffy Franchises; (v) Subtenant has, during the previous 12 month period, received one or more notices of default of any obligations owed to Sublessor, whether or not those defaults were cured; and (vi) Sublessor has reasonable concerns about the financial condition or creditworthiness of Subtenant.

Notwithstanding the foregoing, Subtenant acknowledges and agrees that, at the time of renewal of the Sublease, Sublessor will attempt to have the Landlord accept an assignment of the Prime Lease to Subtenant and agree to release Sublessor from further obligations under the Prime Lease. If the Landlord accepts that assignment and agrees to release Sublessor, Subtenant will accept an assignment of the Prime Lease and will assume all obligations under the Prime Lease. If the Landlord does not accept that assignment and agree to release Sublessor, the Sublease will renew in accordance with and subject to the terms and conditions relating to renewal stated above in this Section.

If Sublessor or Subtenant elects not to renew this Sublease or if Sublessor does not consent to the renewal, the Sublease will expire at the end of the then current term of the Sublease.

3. **Rent.** Subtenant must pay to, or on the order of, the Sublessor, as rent for the Premises, the amounts designated below in this Section:

a. Subtenant must pay the amounts designated in the table below for base rents. Subtenant's obligation to pay base rent will commence \_\_\_\_\_ days after the Commencement Date. The discounted monthly rent will apply if the rent is paid by the due date for the rent payment, otherwise Subtenant must pay the full monthly rent specified in the table. Notwithstanding the rents specified in the following table, the Discounted Monthly Base Rent under this Sublease will in no event be less than the rent specified in the Prime Lease;

<b>Time Period</b>	<b>Full Monthly Base Rent</b>	<b>Discounted Monthly Base Rent</b>
From _____ to _____		

<b>Time Period</b>	<b>Full Monthly Base Rent</b>	<b>Discounted Monthly Base Rent</b>
From _____ to _____		
From _____ to _____		
From _____ to _____		

b. Subtenant must pay all other charges required to be paid by Sublessor under the Prime Lease from and after the Commencement Date of this Sublease (including without limitation percentage rent, late charges, taxes and insurance), payable on the dates specified in the Prime Lease for the payment of those charges;

c. Subtenant must pay sales taxes on all monthly base rent paid under this Sublease, if required under applicable law;

d. Subtenant must pay a monthly amount to be escrowed for real property taxes. The initial monthly property tax escrow payment is \$\_\_\_\_\_ (\$\_\_\_\_\_);

e. Subtenant must pay a monthly amount to be escrowed for the cost of the insurance referred to in Section 17(a) below. The initial monthly insurance escrow payment is \$\_\_\_\_\_ (\$\_\_\_\_\_); and

f. Subtenant must pay a monthly amount to be escrowed for common area maintenance. The initial monthly common area maintenance payment is \$\_\_\_\_\_ (\$\_\_\_\_\_).

Subtenant acknowledges that the monthly initial escrow and other payments specified above may only be estimates and are subject to adjustment. Subtenant agrees that the initial monthly escrow and other payments specified above may be adjusted by Sublessor at any time after the date of this Sublease to reflect 1/12<sup>th</sup> of the annual amounts payable or estimated to be payable (and any catch-up amounts necessary for that year) based on the cost information available at the time of the adjustment. Subtenant will be notified of any adjustments to the escrow payments and must begin making payment of the adjusted amounts with the next payment due after the notice from Sublessor.

Rent, sales tax, and the real estate taxes, insurance and common area maintenance escrow payments must be paid without notice or any prior demand from Sublessor. Rent must be paid in equal monthly installments with the first month's rent payable on the date of execution of this Sublease and then no later than the \_\_\_\_\_ day of each month thereafter, in advance. The monthly sales tax and real estate tax, insurance and common area maintenance escrow payments must be paid monthly with the payments for the first month due on the signing of this Sublease and then in advance no later than the 1<sup>st</sup> day of each month thereafter. The escrowed amounts will be applied to taxes, insurance and common area maintenance due and any deficiency must be paid by Subtenant within fifteen (15) days of written notice from Sublessor. If the term of this Sublease commences on a day other than the first day of a calendar month, then the rental, sales tax, and escrow payments for the initial month may be prorated on a daily basis.

Amounts due under this Sublease must be paid by electronic or similar funds transfer in the appropriate amounts from Subtenant's bank account to such accounts, and at such places or in such manner as Sublessor may specify from time to time.

Subtenant's obligation to timely pay rent and other amounts due to Sublessor under this Sublease is absolute and unconditional. Subtenant must not delay or withhold the payment of all or part of any rent or other payments due to Sublessor for any reason or put the same in escrow or deduct or set-off against any claim or counterclaim Subtenant may allege against Sublessor. In the event of a dispute between Sublessor and Subtenant, Subtenant must continue to make all rent and other payments to Sublessor until a final determination by a court of competent jurisdiction.

4. Incorporation of Prime Lease. Except as expressly modified by the terms of this Sublease, all the terms and provisions of the Prime Lease are incorporated by reference and made a part of this Sublease, and the parties agree to be bound by those terms. For purposes of incorporation of the Prime Lease into this Sublease, whenever the term "Tenant" or "Lessee" or an equivalent term is used in the Prime Lease, the term "Subtenant" will be substituted; and whenever the term "Landlord" or "Lessor" or an equivalent term is used in the Prime Lease, the term "Sublessor" will be substituted.

The parties acknowledge and agree that any obligations of the Lessor under the Prime Lease relating to construction, reconstruction, improvement or maintenance of the Premises, or relating to the Tenant's exclusive right to operate a particular type of business, are undertakings of the Lessor under the Prime Lease, and the Sublessor will not be responsible to Subtenant if the Lessor under the Prime Lease fails to perform those obligations. Also, without limiting the generality of this Section 4, Subtenant will be responsible to perform all obligations of Tenant under the Prime Lease relating to construction, reconstruction, repair and maintenance, unless otherwise agreed by the parties or unless otherwise previously performed by Sublessor, but Sublessor must pre-approve any construction plans.

The parties also acknowledge and agree that Subtenant will not have the right to exercise any right or privilege of the Tenant under the Prime Lease relating to options to purchase the Premises, rights of first refusal to purchase the Premises or construction, alteration, re-modeling, reconstruction, restoration or re-building of improvements on the Premises. Unless otherwise agreed by Sublessor, those rights may only be exercised by Sublessor for Sublessor's benefit.

5. Subtenant's Covenants. Subtenant must occupy the Premises in accordance with the Prime Lease and this Sublease, and must not do anything or fail to do anything that may result in a violation of or default under any of the terms and conditions of the Prime Lease or this Sublease or render the Sublessor liable for any charge or expense under the Prime Lease. Subtenant must not remove from the Premises any furniture, fixtures, equipment and other personal property used in the business operated at the Premises (other than personal effects and personal tools) without the prior written consent of Sublessor.

6. Indemnity. Subtenant must defend, indemnify and hold harmless Sublessor from and against any penalty, damage or charge imposed for any violation of any law or ordinance whether or not caused by the neglect of Subtenant or those holding under Subtenant. Subtenant must defend, indemnify and hold harmless Sublessor and Landlord from and against all claims, loss, cost, damage or expense arising out of or from any accident or other occurrences on or about the Premises causing injury to any person or property or out of any failure of Subtenant in

any respect to comply with and perform all the requirements and provisions of this Sublease or the Prime Lease. For purposes of this indemnity, as to Sublessor, Subtenant waives any immunity which it has from injuries to its employees as an employer in compliance with any applicable workers' compensation laws.

7. Hazardous Materials. Subtenant must not, at any time during the term of this Sublease or any renewals, use, store, treat, transport, manufacture, handle or produce any hazardous substance (as defined below) on the Premises without first obtaining all necessary governmental approvals and permits, if required, and thereafter complying with the terms of those approvals and permits, as well as with the provisions of all laws, regulations and policies pertaining thereto which are now or hereafter in effect. In addition, Subtenant must not use or occupy the Premises or suffer the use or occupancy of the Premises in violation of any environmental law (as defined below). Subtenant must dispose of or allow the disposal of any hazardous substance on the Premises, or operate a hazardous waste treatment, storage or disposal facility or site. Subtenant must not permit, create, or suffer the existence of any condition which could subject Sublessor or Subtenant to a "remedial", "removal" or "cleanup" action, as those terms may be defined in any environmental law.

Subtenant must immediately notify Sublessor upon learning of the occurrence of any environmental mishap (as defined below) on the Premises. Subtenant must also immediately notify Sublessor upon learning of the occurrence of any environmental mishap on any adjacent property, if the mishap poses a danger of contamination to the Premises. Subtenant must also immediately notify Sublessor upon learning that: (a) an environmental law affecting the Premises has been violated; (b) a governmental agency (whether federal, state or local in origin) has initiated or threatened to initiate a proceeding against the Subtenant for an alleged violation of an environmental law affecting the Premises; (c) a governmental agency (whether federal, state or local in origin) has imposed a fine, penalty, order or notice of violation on the Subtenant for a violation of an environmental law affecting the Premises; or (d) a lawsuit or other civil action has been brought against the Subtenant, or has been threatened by any person, persons or governmental agency, following an environmental mishap on the Premises or the alleged violation of an environmental law.

The term "hazardous substance" will mean any substance deemed hazardous under any of the following statutes or under any other statute or regulation of any governmental authority: The Comprehensive Environmental Response, Compensation and Liability Act, 42USC § 9601, et seq; The Resource Conservation and Recovery Act, 42USC § 6901, et seq; The Hazardous Material Transportation Act, 49USC § 1801, et seq; and The Toxic Substances Control Act, 15USC § 2601, et seq. The term "environmental law" will mean any federal, state, county or municipal law or regulation which governs or relates to the environment, land use, zoning, public health, chemical use, public safety, sanitation, water, air, fish, wildlife, and natural resources. The term "environmental mishap" will mean the unlawful release of a hazardous substance which contaminates or may reasonably be expected to contaminate, the land (including sub-soil), water (both ground water and surface water) or air on, under or above the Premises.

Subtenant must not use or install any underground storage tanks on the Premises without the prior written consent of Sublessor and Landlord. If Subtenant receives consent, Subtenant must carry, at its own expense, liability and environmental insurance specifically covering the underground storage tanks in amounts specified by Sublessor and Landlord. This insurance must be maintained during the term of this Sublease and must name Sublessor and Landlord as additional insureds.

Subtenant must defend, indemnify and hold harmless Sublessor, any successors to Sublessor's interest in this Sublease, Landlord, and Sublessor's directors, officers, employees, agents and contractors from and against any losses, claims, damages (including consequential damages), penalties, liabilities, costs (including cleanup and recovery costs), and expenses (including expenses of litigation and reasonable attorney fees) resulting from (1) any breach of the covenants of this Section 7; or (2) any violation by Subtenant of any environmental law.

Notwithstanding anything to the contrary in this Sublease, Subtenant will not be responsible for any liability arising from hazardous substances or violations of environmental laws occurring at the Premises before the date of delivery of possession of the Premises to Subtenant.

8. Default; Remedies on Default. In addition to any provisions regarding default contained in the Prime Lease, which are incorporated in this Sublease by reference, Subtenant will be in default under this Sublease on the occurrence of any of the following events:

- a. a breach by Subtenant of any provision of the License Agreement entered into between Gimex Properties Corp., Inc. and Subtenant in connection with the Tuffy Franchise to be operated at the Premises ("License Agreement") or the expiration, non-renewal or termination of the License Agreement for whatever reason, or the occurrence of an event that gives Gimex Properties Corp., Inc. the right to terminate the License Agreement whether or not the License Agreement is in fact terminated or the default of Subtenant or any corporation, partnership, limited liability company or other entity owned by Subtenant or the owners of Subtenant, under any other agreement entered into with Gimex Properties Corp., Inc.;
- b. the termination or cancellation of the Prime Lease;
- c. failure of Subtenant to pay any amounts due under this Sublease for a period of five (5) days;
- d. Subtenant is late in making a payment due under this Sublease three or more times within a twelve month period;
- e. any breach by Subtenant of any other provisions of this Sublease, which breach is not cured within ten (10) days of written notice from Sublessor;
- f. the commission or omission of any act by Subtenant that creates or constitutes an event of default by the Sublessor under the Prime Lease;
- g. abandonment of the Premises by Subtenant (as defined below);
- h. any assignment by Subtenant for the benefit of creditors whether by trust, mortgage or otherwise; and
- i. a petition or other proceeding by or against the Subtenant for, or the appointment of, a trustee, receiver, guardian, conservator or other liquidator of Subtenant, with respect to all or substantially all of Subtenant's property.

Abandonment of the Premises by Subtenant will be conclusively presumed if Subtenant is not current in rent for the Premises and fails to open for business at the Premises during normal

working hours for a period of three (3) consecutive business days without the prior written consent of Sublessor. On abandonment of the Premises by Subtenant, Sublessor will have the right to take possession and control of the Premises, including changing locks, without resort to judicial process, unless required by state law. Subtenant waives any notices required under state law and waives and releases Sublessor from any legal or equitable claims against Sublessor in those circumstances to the fullest extent permitted by law.

If Subtenant is in default under this Sublease, in addition to any other rights or remedies provided in the Prime Lease or this Sublease, Sublessor may: (i) terminate this Sublease and Subtenant must vacate and surrender the Premises but will remain liable for all obligations arising during the balance of the original term of the Sublease; and/or (ii) enter upon the Premises without further demand or notice to Subtenant and resume possession either by summary proceedings, or by action at law or in equity, or otherwise, as Sublessor may determine, without being liable for trespassing or for any damages. In no event will Sublessor's re-entry or resumption of possession or re-letting be deemed to be an acceptance, surrender or termination of this Sublease or waiver of the rights or remedies of Sublessor under this Sublease unless notice of acceptance, surrender or termination of this Sublease is set forth in a writing signed by Sublessor.

On termination of this Sublease or resumption of possession of the Premises by Sublessor: (1) Subtenant must deliver the Premises to Sublessor in the condition required under this Sublease; (2) Subtenant must not remove any furniture, fixtures, equipment and other personal property used in the business operated at the Premises (other than personal effects and personal tools) from the Premises without the prior written consent of Sublessor; (3) Sublessor may demand that Sublessor remove all or a portion of its personal property from the Premises, in which case Subtenant must remove the specified property within 10 days after Sublessor has demanded the removal or authorized the removal; and (4) if Subtenant does not remove its personal property within 10 days after Sublessor has demanded or authorized the removal, then the property will be deemed abandoned by Subtenant and Sublessor may keep or dispose of the property without any liability to Subtenant.

If Sublessor reenters the Premises or takes possession of the Premises by legal proceedings or otherwise, Sublessor may make alterations and repairs as may be necessary in order to relet the Premises and may relet the Premises or any part of the Premises for such term or terms and at such rent and on such other terms and conditions as Sublessor may deem advisable. On such reletting, all rent and other sums received by Sublessor from such reletting will be applied: first, to the payment of any indebtedness other than rent due under the Sublease from Subtenant to Sublessor; second, to the payment of any costs and expenses of such reletting, including reasonable brokerage fees and attorneys' fees and the cost of any alterations and repairs; third, to the payment of rent and other charges due and unpaid under the Sublease; and the residue, if any, will be held by Sublessor and applied in payment of future rent as the same may become due and payable under the Sublease. If the rents and other sums received from such reletting that are applied to Subtenant's rent obligation during any month are less than that to be paid during that month by Subtenant, Subtenant must pay the deficiency to Sublessor. If there is any excess, Subtenant will have no right to and will receive no credit for the excess. The deficiency will be calculated and must be paid monthly by Subtenant. If Sublessor relets the Premises without terminating the Sublease, Sublessor may at any time elect to terminate the Sublease for the previous breach. The failure or refusal of Sublessor to relet the Premises will not affect Subtenant's liability under the Sublease.

If Sublessor at any time terminates this Sublease for any breach, in addition to any other remedies Sublessor may have, Sublessor may recover from Subtenant all damages it may incur

by reason of such breach. These damages will include, but are not limited to: (i) the cost of recovering the Premises; (ii) the cost of putting the Premises in the condition required under the Sublease or in the condition necessary to relet the Premises; (iii) reasonable attorneys' fees incurred by Sublessor; and (iv) the worth at the time of the termination of the excess, if any, of the amount of rent and charges that would be due under the Sublease if the Sublease continued for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term, which amount will be immediately due and payable from Subtenant to Sublessor.

Subtenant must pay Sublessor reasonable attorney fees and the reasonable costs incurred by Sublessor in connection with Subtenant's default.

The rights and remedies of Sublessor under this Sublease are cumulative and no one of those rights or remedies will be exclusive at law or in equity of the rights and remedies that Sublessor might otherwise have by virtue of a default under this Sublease, and the exercise of one right or remedy by Sublessor will not impair Sublessor's standing to exercise any other right or remedy.

9. Termination on Assignment of Prime Lease. The parties agree that if the Landlord consents to an assignment of the Prime Lease from Sublessor to Subtenant, the Sublessor will have the option to assign all its rights and obligations under the Prime Lease to Subtenant. If Sublessor exercises its option, Subtenant must accept the assignment and assume all obligations of Sublessor under the Prime Lease. Also, Subtenant must sign the standard Gimex Properties Corp., Inc. Addendum to Lease, which among other things, acknowledges Gimex Properties Corp., Inc.'s option to take an assignment of the Prime Lease on termination of the License Agreement between Gimex Properties Corp., Inc. and Subtenant. On execution of an appropriate assignment and assumption of the Prime Lease by the parties, the Addendum to Lease and a consent by the Landlord on terms acceptable to Sublessor, this Sublease will terminate.

10. Deposit. Subtenant must deposit with the Sublessor, on execution of this Sublease, a security deposit of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars as security for Subtenant's obligations under this Sublease. If Subtenant fails to pay rent or other charges due under this Sublease, or otherwise defaults under this Sublease, the Sublessor may use, apply or retain all or any portion of the deposit for the payment of any rent or other charge in default or for the payment of any other sum for which the Sublessor may become obligated because of Subtenant's default, or to compensate the Sublessor for any loss or damage that the Sublessor may incur because of Subtenant's default. If the Sublessor uses or applies all or any portion of the deposit, Subtenant must, within ten (10) days after written demand, deposit cash with the Sublessor in an amount sufficient to restore the deposit to the full amount stated above and Subtenant's failure to do so will be a material breach of the Sublease. The Sublessor will not be required to keep the deposit separate from its general accounts. On expiration of this Sublease, the deposit, or the portion that has not been applied by the Sublessor, will be retained by Sublessor or returned to Subtenant as follows: (a) if Subtenant or an affiliate of Subtenant subleases other property from Sublessor or an affiliate of Sublessor, Sublessor may retain the deposit and hold it as a deposit under the other sublease; or (b) if the deposit is not retained under Subsection (a), if Subtenant performs all of its obligations under this Sublease, the deposit will be returned, without payment of interest, to Subtenant (or at the Sublessor's option, to the last assignee, if any, of Subtenant's interest) within one hundred eighty (180) days after this Sublease expires. No trust relationship is created between the Sublessor and Subtenant with respect to the security deposit.

11. Security Interest. Subtenant grants to Sublessor a continuing security interest in all the personal property of Subtenant and of the Subtenant's Tuffy Franchise business, including, but not limited to, equipment, furniture, fixtures, and inventory now or hereafter owned by Subtenant, and all proceeds and products arising from the sale, exchange or other disposition of any of the personal property of Subtenant (the "Collateral"). This security interest is granted to secure payment of all indebtedness of Subtenant and any affiliate of Subtenant owed to Sublessor or any affiliate of Sublessor, whether now existing or arising in the future, absolute or contingent, due or to become due, including, but not limited to all costs and expenses incurred in the collection of any of Subtenant's indebtedness to Sublessor or its affiliates. Subtenant authorizes Sublessor at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto necessary to perfect Sublessor's security interest in the Collateral.

12. Use and Operation of Premises. The Premises must be occupied and used solely for the operation of a Tuffy Franchise, and for no other purpose. This provision will be strictly enforced, if necessary, by an injunction issued by a court of competent jurisdiction.

Subtenant agrees:

- a. to keep the Premises in a careful, safe, clean and proper manner;
- b. to prevent the Premises from being used in any way that would injure the reputation of the Premises or that could be a nuisance, annoyance, inconvenience or could cause damage to the neighborhood, including, without limiting the generality of the foregoing, noise by the playing of any musical instrument or radio or television or the use of a microphone, loud speaker, electrical equipment or other equipment outside of the Premises;
- c. to abide by all reasonable rules and regulations established by Landlord or Sublessor, from time to time, with respect to the Premises; and
- d. that no vehicles or trailers of any sort may remain in the parking lot of the Premises for a continuous period in excess of seventy-two (72) hours, and no vehicles or trailers of any sort may be stored or offered for sale in the parking lot of the Premises; vehicles without tires, hoods, trunks, fenders, or window glass must not be kept in the parking lot of the Premises overnight or for any continuous period longer than eight (8) hours.

Subtenant agrees to keep and maintain in good order, condition and repair the Premises, and every part of the Premises, including, but without limitation, all landscaping, driveways and parking areas, the exterior walls and roof, exterior and interior portions of all doors, door-checks, windows, plate glass, all plumbing and sewage facilities within the Premises, all fixtures, electrical equipment and interior walls, floors and ceilings, including compliance with applicable building codes relative to fire extinguishers. Subtenant must pay all costs and assume all responsibility for replacing any portion of the Premises if required during the term or any renewals of this Sublease. Subtenant must preserve the good order and condition of the Premises and maintain the Premises in the best possible manner.

If Subtenant neglects or refuses to maintain, repair or keep up any of the Premises as required by this Sublease, Sublessor may, at its option, without liability for forfeiture, have such repairs made and add the actual cost of the repairs to the next rent payment due from Subtenant.

Subtenant acknowledges that he has inspected the Premises and accepts them "AS IS."

13. Assignment. Subtenant must not assign or in any manner transfer this Sublease or any interest in this Sublease, or permit occupancy by anyone other than Subtenant without the previous written consent of Sublessor. Any assignment must be made only to a franchisee of Gimex Properties Corp., Inc. Subtenant must not sublet the Premises or any part of the Premises.

14. Alterations. Subtenant must not make alterations, additions or improvements to the Premises without the prior written consent of the Sublessor. All alterations must be in accordance with the specifications for a Tuffy Franchise business as specified by Gimex Properties Corp., Inc. All alterations, additions and improvements will become the property of Sublessor or the Landlord (as determined by the Prime Lease) upon the expiration or termination of this Sublease.

15. Corporate or Partnership Subtenant. If Subtenant is or becomes a partnership, corporation, limited liability company, or other entity, or if this Sublease is assigned to a partnership, corporation, limited liability company, or other entity, all general partners, shareholders, members, or other owners must agree to be personally bound jointly and severally by all the provisions of this Sublease by signing the Personal Guaranty at the end of this Sublease.

16. Right of Entry. Landlord and Sublessor will have the right to enter the Premises during reasonable business hours to examine the Premises or to make repairs or alterations as they deem necessary or to exhibit the Premises to prospective purchasers or lessees. Gimex Properties Corp., Inc. will also have all rights to enter the Premises as provided in the License Agreement referred to in Section 8(a) above.

17. Insurance.

a. Sublessor or the Landlord will pay all insurance premiums for providing the insurance listed in the following table with respect to the Premises. Subtenant must reimburse Sublessor or the Landlord for the cost of that insurance as described in Section 3 above. Subtenant will also be responsible for any deductible.

Building Insurance	100% of replacement value (replacement value will be determined by Sublessor and/or the prime landlord)
Public Liability & Property Damage Insurance	
Personal Injury Liability	The amount required under the Prime Lease but not less than \$1,000,000
Property Damage Liability	The amount required under the Prime Lease but not less than \$1,000,000

Fire and Extended Coverage (Insuring the building and improvements, landscaping)	100% of full replacement value (replacement value will be determined by Sublessor and/or the prime landlord)
Loss of Rents Insurance	100% of the rent under the Prime Lease for one year
Lessor's Risk	The amount required under the Prime Lease, but not less than \$1,000,000
Environmental Liability	The amount required under the Prime Lease but not less than \$1,000,000 per occurrence, \$3,000,000 aggregate (for all locations insured by Sublessor)

b. In addition to the insurance listed in the preceding table, Subtenant must obtain and provide Sublessor with certificates of insurance (on the standard Accord form) in the amounts and with the coverages listed in the following table. The insurance must be issued by insurance providers rated A-7 or better by Best's Insurance Review. Certificates of this insurance must be initially provided at least ten (10) days prior to Subtenant taking possession of the Premises. Certificates of renewal must be provided no later than ten (10) days before the expiration date of each policy. If Subtenant does not provide Sublessor with certificates of any insurance policies at any due date, Sublessor may, but is not required to, purchase the insurance at the Subtenant's expense. Subtenant must immediately pay for the insurance by paying the insurance broker selected by Sublessor directly, or by paying Sublessor if Sublessor has paid for the insurance.

*Comprehensive General Liability	\$1,000,000 combined single limit; bodily injury and property damage
*Garage Liability	\$1,000,000 limit per occurrence/aggregate
*Automobile Liability	\$1,000,000 combined single limit, bodily injury and property damage, non-owner hire auto
*Garage Keeper's Legal Liability	\$100,000 limit
Business, Personal Property, Equipment, Stock, Inventory, Signage Plate Glass Coverage	At replacement cost  Needs to be included and shown on certificate
Business income and extra expense for minimum of 6 months	50% of annual gross revenue but no less than \$300,000

Worker's Compensation *Employer's Liability *Employer's Stop Gap Liability	In compliance with state law, show limits  (If applicable; i.e. Ohio)
Any other insurance coverage required under the Prime Lease	

In each policy designated by an asterisk (\*) in the preceding table, Sublessor, the Landlord under the Prime Lease and the Landlord's mortgagee (if applicable) must be named as additional insureds. Subtenant acknowledges that it may incur an additional cost for naming additional insureds. Also, each policy must require 60 days notice to Sublessor before the policy is canceled or changed.

c. Sublessor and Subtenant release each other from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any bodily injury, loss or damage to property caused by fire or any of the extended coverage or supplementary contract casualties, even if the fire or other casualty has been caused by the fault or negligence of the other party, or anyone for whom the party may be responsible; provided, however, that this release will only apply if Sublessor's and/or Subtenant's coverage for the loss or damage is not adversely affected by this Sublease; and provided further that this release will only apply to losses for which Sublessor or Subtenant are compensated by their respective insurers.

18. Dispute Resolution; Controlling Law; Venue; Waiver of Punitive Damages and Jury Trial. Any provision of the Prime Lease requiring the arbitration of disputes will not be incorporated by reference into this Sublease. Each party will have the right to pursue all its available legal or equitable remedies in a court of competent jurisdiction unless the parties otherwise agree in writing. This Sublease will be governed by and construed in accordance with the laws of the State of Ohio (without reference to the conflict of laws provisions) except that the laws of the state in which the Premises are located shall control as to an action for recovery of possession by the Sublessor of the Premises. Any legal proceedings between the parties, other than an action for repossession of the Premises by Sublessor, must be brought and conducted only in a state or federal court located in the county in which the Sublessor's principal place of business is located and Subtenant consents to such courts having jurisdiction over its person.

EXCEPT FOR SUBTENANT'S OBLIGATION TO INDEMNIFY SUBLESSOR AND THE OTHER INDEMNIFIED PARTIES UNDER SECTIONS 6 AND 7, SUBLESSOR AND SUBTENANT (AND SUBTENANT'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

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

19. Notices. Any notice, demand or request that may be or is required to be given under this Sublease must be sent by registered or certified mail or overnight courier service to the

addresses set forth below or any other address as may be designated by notice under to this Section. Notices under this Section are effective on the date of mailing.

Sublessor:

Roger W. Hill, President  
Gimex Properties Corp., Inc.  
7071 W. Central Avenue, Suite C  
Toledo, Ohio 43617

Subtenant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

20. Late Charges. Subtenant must pay a late charge of one and one-half (1-1/2%) percent per month for each payment due under this Sublease (including escrow payments) that is not paid when due. The payment of a late charge will not excuse or cure any default by Subtenant under this Sublease. If the applicable law prohibits payment of the late charge provided above, Subtenant must pay the maximum late charge allowable under that law.

21. Miscellaneous. The following additional provisions apply to this Sublease:

a. Agreement Binding. This Sublease is binding on the heirs, executors, administrators, successors and assigns of the parties;

b. Entire Agreement; Modification. This Sublease and all schedules and other documents attached to or incorporated by reference in this Sublease will constitute the full and entire agreement between the parties with respect to the subject matter of this Sublease. This Sublease supersedes all previous written and oral agreements or understandings between the parties with respect to the subject matter of this Sublease. Nothing in this section or otherwise in this Sublease is intended to disclaim or waive Subtenant's reliance on any authorized statements made in the Franchise Disclosure Document delivered to Subtenant by Gimex Properties Corp., Inc. or in the exhibits and amendments to the Franchise Disclosure Document. This Sublease may only be amended or modified by an instrument in writing executed by both parties;

c. Costs of Enforcement. Subtenant must pay all costs incurred by Sublessor in enforcing the provisions of this Sublease, including, but not limited to, the cost of all phone calls, travel and legal expenses, including attorney fees;

d. Waiver. The failure of any party to demand strict compliance with a covenant or condition of this Sublease will not be a waiver of its rights to demand strict compliance with this Sublease in the future;

e. Titles and Captions. All paragraphs, titles or captions are for convenience only and will not be deemed part of the context of this Agreement;

f. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original; and

g. Pronouns and Plurals. All pronouns and variations thereof will be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

The parties have signed this Sublease on the dates below their signatures to be effective on the date at the beginning of this Sublease.

In the Presence of:

GIMEX PROPERTIES CORP., INC.,  
Sublessor

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_,  
Subtenant

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

PERSONAL GUARANTY

The undersigned individuals represent and warrant that they are all of the shareholders, partners or other owners of Subtenant or otherwise have a direct or indirect beneficial interest in the success of Subtenant. Accordingly, to induce the Sublessor to enter into this Sublease, each of the undersigned individuals jointly and severally guarantees the performance of Subtenant's obligations under this Sublease and each of the undersigned individuals jointly and severally agrees to be bound by all of the provisions of this Sublease.

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**LEASE ADDENDUM**

**EXHIBIT I**

**ADDENDUM TO**  
**LEASE AGREEMENT DATED \_\_\_\_\_, 20\_\_ BETWEEN**  
**\_\_\_\_\_, LANDLORD AND**  
**\_\_\_\_\_, TENANT**

THE LEASE is amended by adding the following Section numbered \_\_\_\_\_.

Rights and Option of GIMEX PROPERTIES CORP., INC.; Use of Premises. In consideration of the Agreement of GIMEX PROPERTIES CORP., INC., a Delaware corporation ("Franchisor") to enter into a License Agreement with Tenant ("License Agreement") for a business to be established at the leased premises ("Leased Premises"), the following provisions will apply to the Lease:

A. The Lease must not be assigned, terminated, renewed or in any way altered or amended without the prior written consent of Franchisor.

B. The Leased Premises must not be used for any purpose other than the operation of a Tuffy Auto Service Center during the term of the lease, including renewals.

C. Landlord and Tenant grant to Franchisor the exclusive right, exercisable at the option of Franchisor, to be assigned all right, title and interest of Tenant in and to the Lease and the Leased Premises on the termination of the License Agreement, the sale, transfer or assignment of the business licensed pursuant to the License Agreement, or on cessation of use of the Leased Premises for a Tuffy Auto Service Center franchise. Franchisor must give written notice of its intent to exercise this option within thirty (30) days of the event triggering the option. On the giving of notice of exercise by Franchisor, the Lease, and all right, title and interest of Tenant under the lease and to the Leased Premises will be automatically, and without need of further instrument, assigned to Franchisor. If no notice of exercise is given by Franchisor, it will be deemed to have forfeited all its rights under this Section. Landlord and Tenant agree to execute documents confirming this assignment in the form presented by Franchisor, including a short form of Lease suitable for recording. The rights of Franchisor under this section may be assigned to an affiliate of Franchisor.

D. Landlord must give Franchisor written notice of any breach of Tenant under the Lease and Franchisor will have thirty (30) days from the date of that notice [fifteen (15) days in the event of non-payment of rent] to cure that default on behalf of Tenant before Landlord exercises any remedy it may have under the Lease.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

LANDLORD:

TENANT:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its \_\_\_\_\_

Its: \_\_\_\_\_

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**LIST OF FRANCHISES AND COMPANY OWNED UNITS**

**EXHIBIT K**

A/R#	ACQ Date	Owner ID	Corporation Name	Address	City	State	Zip	Shop Telephone	Shop Manager	Owner 1	Owner 2	Primary Email	Secondary Email Address	District	District Manager
94003		WIL02-03	WR Mary Esther, Inc.	7745 Moffett Rd	Mobile	AL	36618	704-698-8759	Rusty & Crew	Michael Williams	Alan Russell	alan@wrmgauto.com	michael@wrmgauto.com	02	Scott Linde
57001		KIN02-00	Two Kings Operations, LLC	3422 Pelham Parkway	Pelham	AL	35124	205-624-2190	Bryan Embry	William King Jr.	Danny King	wdking2@yahoo.com	williamking80@icloud.com	03	Greg Straub
56001		GAN00-00	D'Gears Partners, LLC	2035 W. Broadway Road	Mesa	AZ	85202	480-405-3560	Team Mesa	Richard Gan	Allan Dizon	richardgan5000@gmail.com	allandizon.usa@gmail.com	01	Jim Esparza
41004		MIL01-00	JAK GROUP, INC.	27790 S. Tamiami Trail	Bonita Springs	FL	34134	239-498-9940	Kris Miller	Kris Miller	Annette Miller	bonitatuff@comcast.net		02	Scott Linde
46003		DEV00-00	DeLu Experts, LLC	1315 E. Highway 50	Clermont	FL	34711	352-241-9466	Sasha Prodanovich	Chris De Vuyst	Dang Lu	Tuffy50clermont@gmail.com		02	Scott Linde
46004		TRIO0-01	CIS Auto Service Center, LLC	1648 US Highway 27	Clermont	FL	34714	352-242-0776	Julio Trinidad	Julio Trinidad	Zahira Trinidad	zhtrinidad@aol.com	juliomets@aol.com	02	Scott Linde
41003		TAY00-00	Happy Motoring, Inc.	13061 McGregor Boulevard	Ft. Myers	FL	33919	239-437-2993	Hal Taylor	Hal Taylor		jhuff@hotmaail.com		02	Scott Linde
41005		NEA00-00	Coozak, Inc.	18092 S. Tamiami Trail	Ft. Myers	FL	33908	239-489-0010	Tom, Steve & Crew	Tom Neary	Jeanne Neary	tennmail@yahoo.com		02	Scott Linde
41010		MAN01-00	Mangual Enterprises Two, LLC	3263 Colonial Blvd., Unit A	Ft. Myers	FL	33966	239-277-7655	Carlos Mangual	Carlos Mangual	Orlando Mangual	carlos@tuffydaniels.com	c.mangual2527@gmail.com	02	Scott Linde
41009		MAN01-00	Mangual Enterprises Two, LLC	9230 Daniels Pkwy., Suite 101	Ft. Myers	FL	33912	239-887-4431	Carlos Mangual	Carlos Mangual	Orlando Mangual	carlos@tuffydaniels.com	c.mangual2527@gmail.com	02	Scott Linde
41012		MAN01-02	Mangual Enterprises Three, LLC	1209 Homestead Road Unit 1	Lehigh Acres	FL	33936	239-303-0033	Carlos Mangual	Carlos Mangual	Orlando Mangual	cmangual@tuffylehighacres.com		02	Scott Linde
87001		MYE01-00	Vested Motors VI, LLC	2406 South Hwy. 77	Lynn Haven	FL	32444	850-265-0058	Jason Griffith	Steven Myers		steveattuff@aol.com		02	Scott Linde
41006		KRU00-01	KAKALE AUTO, LLC	9401 Tamiami Trail N.	Naples	FL	34108	239-596-1668	Nery Ruiz	Keith A. Krueger		tuffyaotocarenaples@yahoo.com		02	Scott Linde
11003		MOR00-00	Backstay, LLC	2105 S.W. College Road	Ocala	FL	34471	352-690-6111	Fred Morris	Frederick W. Morris IV		Tuffycala@gmail.com		02	Scott Linde
35015		KAL00-00	SARKAL, INC.	10444 Curry Ford Rd.	Orlando	FL	32825	407-823-7303	Den & Ray	Den Kalipersaud	Babida Kalipersaud	nonatuff@yahoo.com		02	Scott Linde
35006		ROW00-00	Auto Performace, Inc.	10938-B E. Colonial Drive	Orlando	FL	32817	407-384-0100	John Rowell	John Rowell		JRowell1126@gmail.com	Jrowell@1969@aol.com	02	Scott Linde
87002		GOD00-00	A&L Automotive LLC	13151 Panama City Beach Pkwy.	Panama City Beach	FL	32407	850-234-2202	Gary Godfrey	Gary Godfrey		tuffynpcb@yahoo.com		02	Scott Linde
35014		AUL00-00	JNT Investments, LLC	4303 W. 1st Street - S.R. #46	Sanford	FL	32771	407-688-6611	Joe Muehl	Ernest Aulls, III		sanfordtuff@gmail.com		02	Scott Linde
35016		SIW00-00	K & KS Electronics, Inc.	625 E. 13th Street	St. Cloud	FL	34769	407-891-0094	Karol Siwko	Karol Siwko		karol@r25.com		02	Scott Linde
42002		THO02-00	BTAW, LLC	2770 Race Track Road	St. Johns	FL	32259	904-230-3363	Team St. Johns	Ben Thorington II	Tawnya Thorington	bthorington2@gmail.com		02	Scott Linde
36003		MYE01-01	Vested Motors VIII, LLC	2501 N. Monroe Street	Tallahassee	FL	32303	850-385-4411	Buck Myers and Crew	Steven Myers		steveattuff@aol.com		02	Scott Linde
45007		FOX01-00	BRIAN GUNN, INC.	4353 Gunn Highway	Tampa	FL	33618	813-908-0438	Brian Foxworthy	Brian Foxworthy		bjf316@msn.com		02	Scott Linde
45023	1/1/2024	FER00-00	Winter Haven Car Care, LLC	6906 Cypress Garden Blvd.	Winter Haven	FL	33884	863-318-8339	Jay Fernandez	Jay Fernandez	Craig Gantner	tuffywhfl@gmail.com		02	Scott Linde
35013		JOH01-00	Gene's Tires & Complete Automotive	5225 Red Bug Lake Rd.	Winter Springs	FL	32708	407-388-9800	Jason Schneider	Eugene Johnson		gene.john11@gmail.com		02	Scott Linde
39367		GRE02-00	Greenco Auto Aurora LLC	3190 N. Aurora Rd	Aurora	IL	60502	630-898-6688	John Pfaff	Loren Greenspon		loren@greencoauto.com	office@greencoauto.com	01	Jim Esparza
52001		PIA00-00	JJ Pias2. Inc.	301 S. Randall Road	Batavia	IL	60510	630-879-9941	John Piaskowy	John Piaskowy		tuffy-batavia@att.net		01	Jim Esparza
03001		BLEW00-00	JB Newbanks, Inc.	1505 Vernon Avenue	Bloomington	IL	61701	309-662-0537	The Crüe	Brandon Newbanks	Jill Newbanks	tuffyofbloomington@gmail.com		01	Jim Esparza
39019		MAN00-00	T & SAM, INC.	577 William Latham Dr.	Bourbonnais	IL	60914	815-929-1866	Team Bourbonnais	Tahseen A. Mansour	Samira Abu-Raya	tauto577@sbcglobal.net		01	Jim Esparza
39015		GRE01-00	Greenco Autolp, LLC	1400 W. Diversey Pkwy	Chicago	IL	60614	773-929-3622	Alan Tabarcia	Loren Greenspon		loren@greencoauto.com	office@greencoauto.com	01	Jim Esparza
39021		DOW00-00	M&B Technology Associates, Inc.	395 S. Randall Road	Elgin	IL	60123	847-717-4682	Troy Dowling	Troy Dowling		tuffy102@yahoo.com		01	Jim Esparza
39030		WIL02-08	WR Fox River Inc.	915 IL Rt. 22	Fox River Grove	IL	60021	847-639-7428	Team Fox River Grove	Michael Williams	Alan Russell	michael@wrmgauto.com	alan@wrmgauto.com	01	Jim Esparza
39024		MUR01-00	Keep It Simple Auto Service, LLC	1153 Bloomingdale Rd.	Glendale Heights	IL	60139	630-588-8846	Rich DeSantis	Ronald M. Murnieks		ronmurnieks@gmail.com		01	Jim Esparza
39006		VAN00-00	Robert's Muffler and Brake, Inc.	15743 S. Bell Road	Homer Glen	IL	60491	708-301-8885	Steve Hejmej	Rob Van Der Woude		robvw@hotmail.com		01	Jim Esparza
39025		BYR00-00	Mighty Bison, LLC	59 West Acorn Lane	Lake In The Hills	IL	60156	847-854-9850	Ronald Byrd	Ronald L. Byrd		wastedmoneycamaro@yahoo.com		01	Jim Esparza
39002		GRE04-00	Greenco Auto Lockport, LLC	600 E. 9th Street	Lockport	IL	60441	815-838-3700	Chris Melaniphy	Loren Greenspon		loren@greencoauto.com	office@greencoauto.com	01	Jim Esparza
69001		HEI01-00	SCJ Rockford Inc.	6574 E. Riverside Blvd.	Loves Park	IL	61111	815-639-1239	Jim & The Team	James M. Heim	Danette A. Maynard	tuffyrockford@comcast.net		01	Jim Esparza
39022		WES01-00	Huskywolf, Inc.	7900 W. 159th St.	Orland Park	IL	60462	708-444-2966	Sam Westferro	Sam Westferro		Orlandparktuff288@yahoo.com		01	Jim Esparza
39029		GRE05-00	Greenco Auto Oswego, LLC	1555 US Route 34	Oswego	IL	60543	630-898-6220	Stacey Becherer	Loren Greenspon		loren@greencoauto.com		01	Jim Esparza
39023		FLO00-00	TEK Automotive Services, Inc.	2031 IL State Rt. 59	Plainfield	IL	60586	815-436-1829	John Klima	Timothy M. Floss		Timta455@gmail.com		01	Jim Esparza
39026		GRE06-00	Greenco Auto Plainfield, LLC	23846 W. 135th St.	Plainfield	IL	60544	815-436-1337	John Pfaff	Loren Greenspon				01	Jim Esparza
32001		WIL01-00	GMW, Inc.	1764 Wabash Avenue	Springfield	IL	62704	217-793-1990	Gary Williamson	Gary Williamson		becky.tuffyaautoservice@gmail.com		01	Jim Esparza
18002		NEI01-01	Quad City Investment Co.	3703 S. Main	Elkhart	IN	46517	574-875-5146	Robert Kessler	Darrel Neilson		accounting@tuffy.net		01	Jim Esparza
19004		SMI02-00	Automotive Solutions, Inc.	1910 W. Dupont Road	Ft. Wayne	IN	46818	260-489-4800	David Pratt	Kenneth W. Smith	Terry Hoffner	overnight12@msn.com		01	Jim Esparza
19005		SMI02-01	Automotive Standards, LLC	4028 Coldwater Road	Ft. Wayne	IN	46805	260-483-2236	Scott Johnson	Kenneth W. Smith		overnight12@msn.com		01	Jim Esparza
19003		GRE00-01	Auto Associates Midwest Times Corners	5624 W. Jefferson Boulevard	Ft. Wayne	IN	46804	260-436-5377	Jeff Denney	AAM Group	Steve Sanner	mgardner@jiflube.com	aamtuff@comcast.net	01	Jim Esparza
22003		WAL00-01	Auto Service Center of Cadillac, Ltd.	1020 N. Mitchell	Cadillac	MI	49601	231-779-1999	Larry Alberts	Mike Wallenstein	Patricia Wallenstein	kwrcing@charter.net		03	Greg Straub
08051		BRA00-01	Braun Two, LLC	3473 County Line Road	Casco	MI	48064	586-500-1414	Doug Marrs	Tom Braun		tom@tuffyauto.net		03	Greg Straub
08038		BRA00-00	Braun, L.L.C.	19535 15 Mile Road	Clinton Township	MI	48035	586-792-6660	Gordie Kasza	Tom Braun		tbraun@tuffyauto.net		03	Greg Straub
10013		THO02-01	THOR4 LLC	435 N. Beacon Boulevard	Grand Haven	MI	49417	616-844-5557	Team Grand Haven	Ben Thorington II	Tawnya Thorington	bthorington2@gmail.com		03	Greg Straub
10009		FAR00-00	F&F Service Center, Inc.	1121 Fuller Avenue	Grand Rapids	MI	49503	616-458-8091	Steve & Crew	Jay Farlin		jaybirdssj@yahoo.com	tuffycascade@yahoo.com	03	Greg Straub
10005		GIL00-00	Singh Automotive, LLC	4315A Clyde Park SW	Grand Rapids	MI	49509	616-534-8643	Baljeet Gill	Baljeet Gill		bgill708@gmail.com		03	Greg Straub
10014		ALT00-00	Awesome Tires	4384 Kalamazoo SE	Grand Rapids	MI	49508	616-301-1436	Gary Evans	Asim Altaf		altaf_asim@hotmail.com		03	Greg Straub
10002		ALT00-00	Awesome Tires	610 28th Street SE	Grand Rapids	MI	49548	616-452-4425	Andrew Geelhead	Asim Altaf		altaf_asim@hotmail.com		03	Greg Straub
10007		FAR00-00	F&F Service Center, Inc.	90 Waverly Road	Holland	MI	49423	616-394-0880	Nick Horton	Jay Farlin		jaybirdssj@yahoo.com	tuffycascade@yahoo.com	03	Greg Straub
12004		HES00-00	Sean Enterprises, Inc.	415 N. Jackson	Jackson	MI	49201	517-784-6173	Tim Seger II	Dan Heslip		tuffyofjackson@aol.com	mzheslip@aol.com	03	Greg Straub
43001		REY00-00	Rayjay, LLC	824 W. Michigan Avenue	Marshall	MI	49068	269-789-8833	Joe Adkins	John T. Reynolds		jtreyolds78@yahoo.com		03	Greg Straub
08052		HOL00-00	BJSB Investments, Inc.	598 S. Main Street	Northville	MI	48167	248-924-2341	Team Northville	Brian Holdwick	Janeen Holdwick	brian@holdwickdevgroup.com		03	Greg Straub
08043		DEA00-00	Automotive First, Inc.	22750 Pontiac Trail	South Lyon	MI	48178	248-437-4800	Mike Dean	Michael Dean		tuffyaautosouthlyon@gmail.com		03	Greg Straub

22001		WAL00-00	Traverse City, Ltd.	1124 S. Garfield Avenue	Traverse City	MI	49686	231-946-1155	Mike Wallenstein Jr	Mike Wallenstein		kwrcing@charter.net		03	Greg Straub
08026		SUF00-04	SUFF5 LLC	530 E. Maple Road	Troy	MI	48083	248-585-2770	Steve Bermeal	Aaron Suffoletto	Kyle Suffoletto			03	Greg Straub
08028		CAM01-00	WLT LLC	784 N. Pontiac Trail	Walled Lake	MI	48390	248-624-4440	The Crew	Scott Campbell		scott396campbell@gmail.com		03	Greg Straub
08053		HIC00-01	RTSC Inc.	12331 31 Mile Road	Washington	MI	48095	586-752-4514	Our Gang	Howard Hicks		howardhicks62@gmail.com		03	Greg Straub
77010		GAR00-00	CD America Inc.	10120 Albemarle Road Ste G	Charlotte	NC	28227	704-545-8550	Toni Caffey	Denise Garde	James Garde	cdtuffy@gmail.com		02	Scott Linde
77004		WIL02-00	Williams Russell Group, Inc.	8516 South Tryon St.	Charlotte	NC	28273	704-588-1929	Chastity Neal	Michael Williams	Alan Russell	tuffmangroup@gmail.com		02	Scott Linde
77009		WIL02-01	WR AUTOMOTIVE	9835 Rocky River Road	Charlotte	NC	28215	704-598-3131	Kenneth Carr	Michael Williams	Alan Russell	alan@wrmgauto.com	michael@wrmgauto.com	02	Scott Linde
77011		WIL02-05	WR Concord Inc.	1024 Concord Parkway North	Concord	NC	28027	704-260-2150	Don Sosbee	Michael Williams	Alan Russell	alan@wrmgauto.com	michael@wrmgauto.com	02	Scott Linde
77001		WIL02-00	Williams Russell Group, Inc.	16925 Caldwell Creek Drive	Huntersville	NC	28078	704-895-5586	Ben Chatham	Alan Russell		alan.tuffyauto@gmail.com		02	Scott Linde
77013		WIL02-07	WR Monroe Inc	1002 W. Roosevelt Blvd.	Monroe	NC	28110	704-283-2664	Team Monroe	Michael Williams	Alan Russell	alan@wrmgauto.com	michael@wrmgauto.com	02	Scott Linde
77012		WIL02-06	WR Mooreville Inc.	108 Lost Tree Lane	Mooreville	NC	28115	704-663-3544	Lane Wallace	Michael Williams	Alan Russell	michael@wrmgauto.com	alan@wrmgauto.com	02	Scott Linde
31001		KAP00-00	KAPPCO, INC.	1025 45th Street, SW	Fargo	ND	58103	701-281-0507	Team Fargo	Kim Kappes		kimkappes@msn.com		01	Jim Esparza
49002		KUS00-00	B.R. Kuszak, LLC	1525 Pine Lake Road	Lincoln	NE	68512	402-421-1900	Bradley Kuszak	Bradley Kuszak		bkuszak2@gmail.com		01	Jim Esparza
37002		ANT00-00	Auto Pros Millard, Inc.	4870 S. 137th Street	Omaha	NE	68137	402-895-4274	Rodney Coleson	Richard C. Anthony		julie@autolubeinc.com		01	Jim Esparza
06005		SWE00-00	Independent Wrenches, Inc.	101 N. Leavitt Road	Amherst	OH	44001	440-988-9402	Pete Shelwick	Rusty Swetz	George McKinney	tuffy101@centurytel.net	misstuffyauto@gmail.com	03	Greg Straub
17010		SUF00-03	SUFF4, LLC.	9401 Fields-Ertel	Cincinnati	OH	45249	513-683-5060	Mark Soriano	Aaron Suffoletto	Kyle Suffoletto	suffllc@yahoo.com		03	Greg Straub
23025		SMI03-00	BMI Enterprises, LLC	1524 W. Fifth Avenue	Columbus	OH	43212	614-487-8776	Keith Studer	Carl Smith	Bill Turner	tuffygrandview@att.net		03	Greg Straub
23001		MAC00-01	Columbus Auto Center, Inc.	4188 W. Broad	Columbus	OH	43228	614-276-0164	Neil MacLean	Neil MacLean		neilmaclean@hotmail.com		03	Greg Straub
23017		RIV00-00	Rivon, Inc.	6853 Cleveland Avenue	Columbus	OH	43231	614-895-1588	Mikel Rives	Mikel Rives	Tom Von Ohlen	MRives67@gmail.com		03	Greg Straub
06006		SWE00-01	Resurrection, Inc.	165 Cleveland Street	Elyria	OH	44035	440-322-3713	Jeff Barfield	Rusty Swetz	George McKinney	rustysw@midohio.twcbc.com	misstuffyauto@gmail.com	03	Greg Straub
06007		LAT00-00	Midway Muffler Inc.	649 Leona	Elyria	OH	44035	440-324-7484	Mike Haslage	Jesse Lattea		jlattea1@aol.com		03	Greg Straub
15008		FIR00-00	J. Firestone Automotive, LLC	2026 Tiffin Avenue	Findlay	OH	45840	419-427-2225	Brenton Firestone	John Firestone		findlaytuff@hotmail.com		03	Greg Straub
23022		SUF00-00	SUFF1 LLC	115 N. Hamilton Road	Gahanna	OH	43230	614-337-8080	Mike Gordon	Aaron Suffoletto		suffllc@yahoo.com		03	Greg Straub
23024		SUF00-02	SUFF3, LLC	2131 Stringtown Road	Grove City	OH	43123	614-871-4020	Michael Junkins	Aaron Suffoletto		suffllc@yahoo.com		03	Greg Straub
23009		DEI00-00	Deirfield Enterprises, LLC	1285 N. Memorial Drive	Lancaster	OH	43130	740-653-7054	Joe Deirfield	Joe Deirfield		Joetuffy1285@yahoo.com		03	Greg Straub
23029		SUF00-01	SUFF2, LLC	210 Hornbeam Lane	Lewis Center	OH	43035	740-549-3332	Brandon Craig	Aaron Suffoletto		suffllc@yahoo.com		03	Greg Straub
06008		SWE00-01	Resurrection, Inc.	1400 Broadway	Lorain	OH	44052	440-245-2823	Will & Crew	Rusty Swetz	George McKinney	rustysw@midohio.twcbc.com	misstuffyauto@gmail.com	03	Greg Straub
15011		GEN00-00	C.A. Gentle Enterprises, Inc.	27140 Oakmead Dr.	Perrysburg	OH	43551	419-873-8330	Chris Gentle	John Gentle	Stephen Schulze	stephentschulze@aol.com	tuffyprbg@bex.net	03	Greg Straub
23026		MEN00-00	K.L.N.M. Corp.	1223 Hill Road N.	Pickerington	OH	43147	614-751-0111	Wes Mendenhall	Larry Mendenhall		Kmendenhall13@msn.com		03	Greg Straub
23005		BEA00-00	Christine Beasley	7854 Smoky Row Road	Powell	OH	43065	614-792-0770	Alan Combs	Christine Beasley		smokyrowtuff@gmail.com	tuffypowell7854@gmail.com	03	Greg Straub
07007		FAZ00-00	J & E Automotive Inc.	435 W. Columbia Street	Springfield	OH	45504	937-323-9741	Joe Fazio	Joe Fazio	Eric Van Horn	tuffyspringfield@gmail.com		03	Greg Straub
15005		CHE01-00	EDAA Monroe St Mechanics LLC	5310 Airport Highway	Toledo	OH	43615	567-304-3170	Jason Prater	Roy Chetal	Rocky Chetal	roychetal@yahoo.com	chetalrak64@gmail.com	03	Greg Straub
23031		TUR01-00	Manda Enterprises, Ltd.	7128 State Route 3	Westerville	OH	43082	614-818-9036	Ron Smith	Bill Turner		westervilletuff@sbcglobal.net		03	Greg Straub
23002		MIL03-00	Rival Automotive, LLC	4744 E. Main Street	Whitehall	OH	43213	614-864-5215	Rob Miller	Robert Miller	Alaina Miller	lanieosu@yahoo.com		03	Greg Straub
77006		BRO00-00	BROWN FALCON, INC.	9909 Charlotte Highway	Ft. Mill	SC	29707	803-802-2466	Rob Bryant	Alan J. Brown		tuffyauto@coporium.com		02	Scott Linde
55002		VIL00-00	Villfam Automotive, Inc	1015 S. Water Ave.	Gallatin	TN	37066	615-575-8295	Anthony Villapiano	Tony Villapiano		tvitrucks@gmail.com		02	Scott Linde
93001	4/29/2024	PAN00-00	ATX OIL 002 LLC	11700 Anderson Mill Road	Austin	TX	78750	512-258-3400	Team Austin	Ketan Pandya		atxoil002@gmail.com		02	Scott Linde
33003		NEI01-03	Lizco, Inc.	305 Boulevard	Colonial Heights	VA	23834	804-526-5000	Team Richmond	Darrel Neilson		accounting@tuffy.net	mr1tuffy@tuffy.net	01	Jim Esparza
33005		NEI01-00	DARON, Inc.	1005 Azalea Avenue	Richmond	VA	23227	804-264-2700	Team Richmond	Darrel Neilson		accounting@tuffy.net	mr1tuffy@tuffy.net	01	Jim Esparza
26004		WIL02-04	WR Gulf Breeze, Inc.	5908 Hillcrest Drive	Allenton	WI	53002	262-629-9560	Ron Hefner	Michael Williams	Alan Russell	alan@wrmgauto.com	michael@wrmgauto.com	01	Jim Esparza
27002		SAF00-00	Silver Lining, Inc.	2940 B E. College Ave.	Appleton	WI	54915	920-954-8500	Matt Safranski	Matt Safranski		mattsa911@gmail.com		01	Jim Esparza
26002		GRE03-00	Greenco Auto Waukesha, LLC	S31 W24721 Sunset Drive	Waukesha	WI	53189	262-513-9500	Rob Hamilton	Loren Greenspon		loren@greencoauto.com	office@greencoauto.com	01	Jim Esparza

**100 Total franchised locations**

**LIST OF FRANCHISEES FOR UNITS NOT YET OPEN**

As of December 31, 2024

**LIST OF FRANCHISEES THAT HAVE RECENTLY LEFT THE SYSTEM**

The following are the names and last known addresses and telephone numbers of every Franchisee who has had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a License Agreement during 2024 or who have not communicated with us within 10 weeks of our application date (or the date of this Franchise Disclosure Document, if this Franchise Disclosure Document is not for use in a state requiring registration of franchises).

<p>D'Gear's Partners, LLC Richard Gan 900 E Leo Pl. Chandler, AZ 85249 Phone: 480-220-7763</p>	<p>Robert's Muffler &amp; Brake, Inc. Rob Vander Woude 13621 Kickapoo Trail Homer Glen, IL 60491 Phone: 708-301-7101</p>
<p>Independent Wrenches, Inc. 101 N. Leavitt Road Amherst, OH 44001 Rusty Swetz and George McKinney Phone:</p>	<p>Columbus Auto Center, Inc. 1074 Taylor Mills Dr Reynoldsburg, OH 43068 Neil MacLean 614-864-9572</p>
<p>F&amp;F Service Center, Inc. (2 locations) 835 Canterbury S.W. Wyoming, MI 49509 Jay Farlin Phone:</p>	<p>Greenco Auto Aurora, LLC 3190 N. Aurora Road Aurora, IL 60502 Loren Greenspon Phone:</p>
<p>Greenco Auto Lockport, LLC 600 E. 9<sup>th</sup> Street Lockport, IL 60441 Loren Greenspon Phone:</p>	<p>Greenco Auto Oswego, LLC 1555 US Route 34 Oswego, IL 60543 Loren Greenspon Phone:</p>
<p>Greenco Auto Plainfield, LLC 23846 W. 135<sup>th</sup> Street Plainfield, IL 60544 Loren Greenspon Phone:</p>	<p>Auto Associates Midwest Times Corners 5624 W. Jefferson Blvd Ft. Wayne, IN 46804 Steve Sanner Phone:</p>

<p>Manic Mechanics, Inc. 165 Cleveland Street Elyria, OH 44035 Rusty Swetz and George McKinney Phone:</p>	<p>Resurrection, Inc. 1400 Broadway Lorain, OH 44052 Rusty Swetz and George McKinney Phone:</p>
<p>ATX Oil 002 LLC 9600 Aire Libre Drive Austin, TX 78726 Ketan Pandya Phone 512-660-0696 Email: <a href="mailto:ketanpandya01@gmail.com">ketanpandya01@gmail.com</a></p>	<p>Winter Haven Car Care, LLC 3467 Hickory Nut Hollow Howell, MI 48843 Craig Gantor Phone: 248-561-8160</p> <p>Jay Fernandez 1009 Inman Drive Winter Haven, FL 33881 Phone: 863-604-5829</p>

**FINANCIAL STATEMENTS**

**EXHIBIT M**

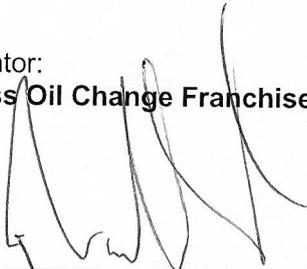
SOME OF THE FOLLOWING FINANCIAL STATEMENTS MAY BE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM OF ANY UNAUDITED FINANCIAL STATEMENTS

## GUARANTEE OF PERFORMANCE

For value received, Express Oil Change Franchise, LLC, a Delaware limited liability company (the "Guarantor"), located at 358 Saw Mill River Road, Millwood NY 10546, absolutely and unconditionally guarantees to assume the duties and obligations of Gimex Properties Corp., Inc., located at 358 Saw Mill River Road, Millwood NY 10546, (the "Franchisor"), under its franchise registration in each state where the Franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee on the 0 day of June, 2025.

Guarantor:  
**Express Oil Change Franchise, LLC**

By:   
Name: David Sobaro  
Title: Co-CEO

**EXPRESS OIL CHANGE FRANCHISE, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**



[www.warrenaverett.com](http://www.warrenaverett.com)

The report accompanying this deliverable was issued by Warren Averett, LLC.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Managing Member  
Express Oil Change Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of Express Oil Change Franchise, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, net EOC group investment and cash flows for the years then ended and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

*Warren Averett, LLC*

Birmingham, Alabama  
April 22, 2025

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Accounts receivable, net	\$ 212,923	\$ 254,140
Total current assets	212,923	254,140
<b>TOTAL ASSETS</b>	<b>\$ 212,923</b>	<b>\$ 254,140</b>
<b>LIABILITIES AND NET EOC GROUP INVESTMENT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 26,099	\$ 31,333
Accrued payroll and related taxes	80,633	181,611
Deferred franchise fees, current	95,116	119,090
Total current liabilities	201,848	332,034
<b>DEFERRED FRANCHISE FEES</b>	<b>287,330</b>	<b>383,613</b>
<b>TOTAL LIABILITIES</b>	489,178	715,647
<b>NET EOC GROUP INVESTMENT</b>	<b>(276,255)</b>	<b>(461,507)</b>
<b>TOTAL LIABILITIES AND NET EOC GROUP INVESTMENT</b>	<b>\$ 212,923</b>	<b>\$ 254,140</b>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>		
Royalties	\$ 2,599,261	\$ 3,283,489
Franchise fees, net of refunds	2,497	99,798
Area development fees	<u>40,261</u>	<u>58,586</u>
Total revenues	2,642,019	3,441,873
<b>COST OF SALES</b>		
Payroll expense	<u>1,357,978</u>	<u>1,618,038</u>
<b>GROSS PROFIT</b>	1,284,041	1,823,835
<b>OPERATING EXPENSES</b>		
General and administrative expense	<u>221,940</u>	<u>237,625</u>
<b>TOTAL OPERATING INCOME</b>	1,062,101	1,586,210
<b>OTHER INCOME</b>	<u>95,162</u>	<u>120,667</u>
<b>NET INCOME</b>	<u>\$ 1,157,263</u>	<u>\$ 1,706,877</u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC  
STATEMENTS OF NET EOC GROUP INVESTMENT  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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<b>BALANCE AT DECEMBER 31, 2022</b>	\$ (476,087)
Net income	1,706,877
Transfers to EOC Group, net of allocated costs	<u>(1,692,297)</u>
<b>BALANCE AT DECEMBER 31, 2023</b>	(461,507)
Net income	1,157,263
Transfers to EOC Group, net of allocated costs	<u>(972,011)</u>
<b>BALANCE AT DECEMBER 31, 2024</b>	<u><u>\$ (276,255)</u></u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,157,263	\$ 1,706,877
Adjustments:		
Corporate overhead allocation	799,978	972,179
Changes in operating assets and liabilities:		
Accounts receivable	41,217	61,704
Accounts payable	(5,234)	(9,064)
Accrued payroll and related taxes	(100,978)	27,241
Deferred franchise fees	<u>(120,257)</u>	<u>(94,461)</u>
Net cash provided by operating activities	<u>1,771,989</u>	<u>2,664,476</u>
<b>FINANCING ACTIVITIES</b>		
Transfers to EOC Group	<u>(1,771,989)</u>	<u>(2,664,476)</u>
Net cash used in financing activities	<u>(1,771,989)</u>	<u>(2,664,476)</u>
<b>NET INCREASE IN CASH</b>	-	-
<b>CASH AT BEGINNING OF YEAR</b>	-	-
<b>CASH AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

The EOC Group, Inc., including its subsidiaries (collectively referred to as EOC Group), operates as a wholly owned subsidiary of Mavis Tire Express Services TopCo Corp. The EOC Group specializes in providing automotive oil changes, repairs, tire services and maintenance services. These services are provided through three wholly owned operating entities: Express Oil Change, LLC, Brakes Plus, LLC and T.E., LLC. EOC Group primarily operates in the Southeastern United States, offering management services and products to automotive service businesses operating under the trade name Express Oil Change & Tire Engineers.

On April 13, 2018, EOC Group established Express Oil Change Franchise, LLC (EOC Franchise), to administer and house the operations of its franchisor business. Franchise agreements with EOC Franchise include territorial rights, management training and a license to use specified trade names and trademarks.

As of December 31, 2024, EOC Franchise had 28 franchise locations, down from 32 as of December 31, 2023. In 2024, EOC Franchise added one new franchise location, and brought five existing franchise locations under corporate ownership. In 2023, EOC Franchise added three new franchise locations, and brought 11 existing franchise locations under corporate ownership. There were 353 corporate-owned locations as of December 31, 2024, up from 321 in 2023.

**Franchise Operations**

EOC Franchise enters into store-level franchise agreements with third-party operators. These agreements set out the terms of the arrangement, including an initial, non-refundable fee paid by the franchisee upon the execution of a franchise agreement and ongoing fees based upon a percentage of sales. Franchisees can generally renew their agreements upon expiration, subject to EOC Franchise's approval and payment of a renewal fee.

**Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). These statements are derived from EOC Group's historical accounting records and are presented on a carve-out basis to include the historical financial position, results of operations and cash flows applicable to EOC Franchise.

The statements of income for EOC Franchise include all revenues and costs directly attributable to its operations. This includes an allocation of certain EOC Group costs for corporate functions and services estimated to be used by EOC Franchise. These costs are reflected in the statements of income within cost of sales and general and administrative expense, primarily consisting of labor costs for management and support functions, rent, information technology, advertising, and other miscellaneous administrative costs incurred by EOC Group.

EOC Group's net investment balance represents the cumulative net investment in EOC Franchise, including prior net income or loss and allocations or other transactions with EOC Group. EOC Franchise settles advances to and from EOC Group related to the above transactions through adjustments to net EOC Group investment.

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

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Corporate overhead costs included in cost of sales and operating expenses are as follows:

	<u>2024</u>	<u>2023</u>
<b>Corporate overhead allocated to franchise</b>		
Payroll expense	\$ 735,969	\$ 894,632
General and administrative expense	64,009	77,547
	<u>\$ 799,978</u>	<u>\$ 972,179</u>

All allocations and estimates in these financial statements are based on assumptions that EOC Franchise believes are reasonable under the circumstances. However, these allocations and estimates, which impact assets, liabilities, expenses and cash flows may not necessarily be indicative of the historical results that would have resulted if EOC Franchise had been operated as a separate entity or of the results that may be obtained in the future.

Intercompany balances are included in these financial statements within net EOC Group investment. Intercompany transactions with EOC Group are reflected in the statements of cash flows as transfers to EOC Group within financing activities and in the balance sheets within net EOC Group investment.

**Accounting Estimates**

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. These estimates and assumptions include corporate overhead allocations and the collectability of accounts receivable. Actual results could differ materially from those estimates due to uncertainties.

**Cash and Cash Equivalents**

The operations of EOC Franchise participate in the centralized cash management system of EOC Group. EOC Franchise transfers all cash generated by operations to EOC Group.

**Accounts Receivable**

EOC Franchise extends credit to its franchisees in the ordinary course of business. Accounts receivable are reported net of expected credit losses, which are calculated based on current conditions and reasonable and supportable forecasts of future conditions. Current conditions include management's ongoing credit evaluations of its franchisees' financial conditions and generally requires no collateral from its customers. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available data regarding default probability. While EOC Franchise uses the best information available, the ultimate recovery of recorded receivables depends on future economic events and other conditions beyond EOC Franchise's control. Receivables considered uncollectible, for which collection efforts have been exhausted, are written off against the allowance for credit losses. As of December 31, 2024 and 2023, the allowance for credit losses totaled \$185,986 and \$120,933, respectively. As of December 31, 2022, accounts receivable totaled \$315,844.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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**Advertising**

Except for costs associated with the advertising cooperative liabilities, advertising costs are expensed as incurred. Advertising costs totaled \$44,094 and \$51,052 for the years ended December 31, 2024 and 2023, respectively.

**Income Taxes**

EOC Group, structured as a limited liability company, has elected to be taxed under Section 701 of the Internal Revenue Code, which allows its income or loss to be taxed directly to the member. Therefore, no income tax provision is required.

EOC Franchise assesses its uncertain tax positions to determine the likelihood that they would be overturned upon examination by the Internal Revenue Service (IRS) or state taxing authorities. As of December 31, 2024 and 2023, EOC Franchise has assessed its uncertain tax positions and determined that it has no positions that it would be unable to substantiate. EOC Franchise has filed tax returns through 2023.

**Contingencies**

Estimated loss contingencies are accrued only if a loss is probable and the amount can be reasonably estimated. It may be probable that a loss has occurred, but the estimate of the loss is a wide range. While EOC Franchise believes that none of these claims, disputes, administrative and legal matters will materially affect its financial position, these matters are uncertain. EOC Franchise cannot currently determine whether the financial impact, if any, of these matters will materially affect its results of operations in the period in which such matters are resolved or a better estimate becomes available.

**Subsequent Events**

Management has evaluated subsequent events through April 22, 2025, the date the financial statements were available to be issued. No material subsequent events occurred that require recognition or disclosures in these financial statements.

**2. REVENUE RECOGNITION**

**Revenue Recognition**

Revenue is generated through initial franchise fees, royalties and area development fees.

Under franchise agreements, EOC Franchise provides franchisees with (1) franchise license, which includes a license to use EOC Franchise's intellectual property and, in those markets where EOC Franchise manages a marketing fund, advertising and promotion management; (2) pre-opening services, such as site selection, training and inspections; and (3) ongoing services, such as development of training material and quality control and inspection. Initial franchise services are not distinct from the continuing rights and services offered during the term of the franchise agreement. Therefore, they constitute a single performance obligation, satisfied by providing a right to use EOC Franchise's intellectual property over the term of the franchise agreement.

Franchise royalty revenue is based on 3% to 5% of monthly franchisees' sales, as defined in the franchise agreement, and is recognized as franchise sales occur. The franchisees pay initial franchise fees upon the sale and execution of a franchise agreement. Initial franchise fees are recognized as

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

revenue on a straight-line basis over the term of the respective agreement. EOC Franchise's obligation under area development agreements generally consists of providing exclusive franchising rights within a specific geographic area. These franchise rights are not distinct from franchise agreements, thus, upfront fees paid by franchisees for exclusive franchise rights are recognized ratably over the term of the contract upon execution of the agreement.

**Deferred Franchise Fees**

Deferred franchise fees consist of initial franchise fees collected, where EOC Franchise is still obligated to complete certain performance obligations outlined in the franchise agreement. The initial franchise fee for a new franchisee is \$50,000 for the first location and \$35,000 for subsequent locations, both nonrefundable and due upon execution of the franchise agreement.

Deferred revenue results from initial franchise fees paid by franchisees, which are generally recognized ratably over the term of the agreement. The following table reflects the change in deferred revenue:

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Deferred franchise fees at beginning of period	\$ 502,703	\$ 597,164
Revenue recognized during the period	(107,257)	(124,461)
Franchise fee refund	(23,000)	-
New deferral due to cash received and other	10,000	30,000
Deferred franchise fees at end of period	\$ 382,446	\$ 502,703

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2024:

2025	\$	95,116
2026		84,619
2027		66,662
2028		56,062
2029		45,958
Thereafter		34,029
Total	\$	382,446

**3. EMPLOYEE BENEFIT PLAN**

EOC Group sponsors a 401(k) plan, for all eligible employees as defined by the plan's Adoption Agreement. Eligible employees are those who have completed one year of service and are at least 18 years of age. The plan allows employees to defer up to 90% of gross eligible wages, with EOC Group matching 25% of the employee's contribution, up to 4% of the employee's eligible earnings.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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EOC Franchise contributions to the plan totaled \$5,354 and \$5,558 during 2024 and 2023, respectively.

**4. RELATED PARTY TRANSACTIONS**

The costs of centralized EOC Group functions such as cash management, legal, accounting, tax and human resources are allocated primarily based on proportionate revenue or headcount of EOC Franchise to that of EOC Group. EOC Group allocates the costs of all services charged directly to EOC Franchise, using methods that management of EOC Group and EOC Franchise believes are reasonable. These charges and allocations may not necessarily indicate the costs EOC Franchise would have incurred if it operated as a separate entity. The incremental expenses allocated to EOC Franchise for these specified functions are settled as adjustments in the net EOC Group investment.

**EXPRESS OIL CHANGE FRANCHISE, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
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**DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Managing Member  
Express Oil Change Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of Express Oil Change Franchise, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, net EOC group investment and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Express Oil Change Franchise, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*Warren Averett, LLC*

Birmingham, Alabama  
June 30, 2023

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Accounts receivable, less allowance for doubtful accounts of \$76,956 and \$33,495	\$ 315,844	\$ 374,279
Total current assets	315,844	374,279
<b>TOTAL ASSETS</b>	<b>\$ 315,844</b>	<b>\$ 374,279</b>
<b>LIABILITIES AND NET EOC GROUP INVESTMENT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 40,397	\$ 25,064
Accrued payroll and related taxes	154,370	119,660
Deferred franchise fees, current	124,462	132,520
Total current liabilities	319,229	277,244
<b>DEFERRED FRANCHISE FEES</b>	<b>472,702</b>	<b>587,414</b>
<b>TOTAL LIABILITIES</b>	791,931	864,658
<b>NET EOC GROUP INVESTMENT</b>	<b>(476,087)</b>	<b>(490,379)</b>
<b>TOTAL LIABILITIES AND NET EOC GROUP INVESTMENT</b>	<b>\$ 315,844</b>	<b>\$ 374,279</b>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Royalties	\$ 3,837,734	\$ 5,394,064
Franchise fees	69,162	35,954
Area development fees	21,070	34,839
Total revenues	<u>3,927,966</u>	<u>5,464,857</u>
<b>COST OF SALES</b>		
Payroll expenses	<u>1,601,329</u>	<u>1,950,817</u>
<b>GROSS PROFIT</b>	2,326,637	3,514,040
<b>OPERATING EXPENSES</b>		
General and administrative expense	<u>261,940</u>	<u>163,766</u>
<b>TOTAL OPERATING INCOME</b>	2,064,697	3,350,274
<b>OTHER INCOME</b>	<u>110,969</u>	<u>133,406</u>
<b>NET INCOME</b>	<u><u>\$ 2,175,666</u></u>	<u><u>\$ 3,483,680</u></u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC  
STATEMENTS OF NET EOC GROUP INVESTMENT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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<b>BALANCE AT DECEMBER 31, 2020</b>	\$ (208,945)
Net income	3,483,680
Transfers to EOC Group, net of allocated costs	<u>(3,765,114)</u>
<b>BALANCE AT DECEMBER 31, 2021</b>	(490,379)
Net income	2,175,666
Transfers to EOC Group, net of allocated costs	<u>(2,161,374)</u>
<b>BALANCE AT DECEMBER 31, 2022</b>	<u><u>\$ (476,087)</u></u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,175,666	\$ 3,483,680
Adjustments to reconcile net income to net cash provided by operating activities:		
Corporate overhead allocation	1,029,918	1,089,280
Changes in operating assets and liabilities:		
Accounts receivable	58,435	437,396
Accounts payable	15,333	(1,493)
Accrued payroll and related taxes	34,710	(12,176)
Deferred franchise fees	<u>(122,770)</u>	<u>(142,293)</u>
Net cash provided by operating activities	<u>3,191,292</u>	<u>4,854,394</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Transfers to EOC Group	<u>(3,191,292)</u>	<u>(4,854,394)</u>
Net cash used in financing activities	<u>(3,191,292)</u>	<u>(4,854,394)</u>
<b>NET INCREASE IN CASH</b>	-	-
<b>CASH AT BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>CASH AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Business**

EOC Group, Inc. and Subsidiaries (EOC Group), a wholly owned subsidiary of Mavis Tire Express Services TopCo Corporation, provides automotive oil change, repair, tire services and maintenance services through three wholly owned operating entities, Express Oil Change, LLC, Brakes Plus, LLC and T.E., LLC. EOC Group provides management services and products to automotive service businesses operating under the trade name Express Oil Change. EOC Group operates primarily in the Southeastern United States.

On April 13, 2018, EOC Group established Express Oil Change Franchise, LLC (EOC Franchise), to administer and house the operations of EOC Group's franchisor business. A franchise includes territorial rights, management training and a license to use specified trade names and trademarks.

As of December 31, 2022 and 2021, EOC Franchise had a total of 40 and 58 franchise locations, respectively. During 2022, EOC Franchise entered into agreements for two new franchise locations and purchased the operations of 19 franchises. During 2021, EOC Franchise entered into agreements for three new franchise locations and purchased the operations of 53 franchises. There were 290 and 251 corporate-owned locations as of December 31, 2022 and 2021, respectively.

### **Franchise Operations**

EOC Franchise executes store-level franchise agreements for units operated by third parties, which set out the terms of the arrangement with the franchisee. The franchise agreements of EOC Franchise typically require the franchisee to pay an initial, non-refundable fee upon the execution of a franchise agreement and continuing fees based upon a percentage of sales. Subject to the approval of EOC Franchise and the franchisee payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

### **Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United State of America (U.S. GAAP) from EOC Group's historical accounting records and presented on a carve-out basis to include the historical financial position, results of operations and cash flows applicable to EOC Franchise.

The statements of income include all revenues and costs directly attributable to EOC Franchise, including an allocation of certain EOC Group costs for corporate functions and services estimated to be used by EOC Franchise. These amounts are reflected in the accompanying statements of income within cost of sales and selling, general and administrative expenses, primarily consisting of labor costs of management and other support functions, rent, information technology, advertising and other miscellaneous administrative costs incurred by EOC Group.

EOC Group's net investment balance is the cumulative net investment in EOC Franchise through that date, including any prior net income or loss and allocations or other transactions with EOC Group. EOC Franchise settles advances to and from EOC Group related to the above transactions through decreases from and increases to net EOC Group investment. Corporate overhead costs included in cost of sales and operating expenses are as follows:

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Corporate overhead allocated to franchise</b>		
Payroll	\$ 913,817	\$ 1,029,118
General and administrative expenses	116,101	60,162
	<u>\$ 1,029,918</u>	<u>\$ 1,089,280</u>

All allocations and estimates in these financial statements are based on assumptions that EOC Franchise believes are reasonable under the circumstances. However, these allocations and estimates, impacting assets, liabilities, expenses and cash flows are not necessarily indicative of the historical results that would have resulted if EOC Franchise had been operated as a separate entity or of the results that may be obtained in the future. All intercompany balances are included in these financial statements within net EOC Group investment. Intercompany transactions with EOC Group are reflected in the statements of cash flows as transfers to EOC Group within financing activities and in the balance sheets within net EOC Group investment.

**Accounting Estimates**

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Significant estimates made by management in connection with the preparation of the accompanying financial statements include corporate overhead allocations and the allowance for doubtful accounts. Actual results could differ materially from those estimates.

**Cash and Cash Equivalents**

The operations of EOC Franchise participate in the centralized cash management system of EOC Group. EOC Franchise transfers all cash generated by operations to EOC Group.

**Accounts Receivable**

EOC Franchise extends credit to its franchisees in the ordinary course of business. Trade accounts receivable is stated at the amount management expects to collect. Management determines the allowance for doubtful accounts based on past credit history with the franchisee and their current financial condition. On a continuing basis, management analyzes delinquent receivables, and once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account. EOC Franchise performs ongoing credit evaluations of its franchisees' financial conditions and generally requires no collateral from its customers.

**Advertising**

Except for costs associated with the advertising cooperative liabilities, advertising costs are expensed as incurred. Advertising costs totaled \$61,339 and \$12,808 for the years ended December 31, 2022 or 2021, respectively.

**Income Taxes**

EOC Group is a limited liability company and elected under Section 701 of the Internal Revenue Code to have its income or loss taxed directly to the member. Accordingly, no income tax provision is required.

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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EOC Franchise assesses its uncertain tax positions for the likelihood that they would be overturned upon examination by the Internal Revenue Service (IRS) or state taxing authorities. EOC Franchise has assessed its uncertain tax positions and determined that it does not have any positions as of December 31, 2022 or 2021, that it would be unable to substantiate. EOC Franchise has filed tax returns through 2021.

**Recent Accounting Pronouncements**

EOC Group adopted ASU 2016-02, *Leases (Topic 842)* in the current year, effective January 1, 2022. This ASU requires that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Topic 842 requires recognition of lease asset and lease liabilities by lessees for those leases classified as operating leases under previously accepted accounting principles. As there are no leases at EOC Group, the adoption of this standard did not impact these financial statements.

EOC Group adopted ASU 2016-13, *Financial Instruments – Credit Losses*, in the current year, effective January 1, 2022. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, EOC Group recorded incurred loss reserves against receivable balances based on current and historical information. Receivables are charged off when considered uncollectible, which may arise when customers file for bankruptcy or are otherwise considered unable to repay the amounts owed to EOC Group. Adopting this standard did not have a material impact on these financial statements.

**Contingencies**

Certain conditions may exist as of the date of the financial statements, which may result in a loss to EOC Franchise, which will only be resolved if one or more future events occur or fail to occur. Management of EOC Franchise and its legal counsel assess such contingencies, and such assessment inherently involves an exercise of judgment. EOC Franchise records any such contingent liabilities when the assessment indicates a material loss is both probable and reasonably estimable.

**Subsequent Events**

Management has evaluated subsequent events through June 30, 2023, the date the financial statements were available to be issued.

**2. REVENUE RECOGNITION**

**Revenue Recognition**

Revenue is generated through initial franchise fees, royalties and area development fees.

Under franchise agreements, EOC Franchise provides franchisees with (1) franchise license, which includes a license to use EOC Franchise's intellectual property and, in those markets where EOC Franchise manages a marketing fund, advertising and promotion management; (2) pre-opening services, such as site selection, training and inspections; and (3) ongoing services, such as

**EXPRESS OIL CHANGE FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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development of training material and quality control and inspection. Initial franchise services are not distinct from the continuing rights and services offered during the term of the franchise agreement and, therefore, are a single performance obligation, which is satisfied by providing a right to use EOC Franchise's intellectual property over the term of each franchise agreement. Franchise royalty revenue is based on a range of 3% to 5% of monthly franchisees' sales, as defined in the franchise agreement, over the term of the franchise agreement. The franchisees pay initial franchise fees upon the sale and execution of a franchise agreement.

The franchise royalties represent sales-based royalties related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

EOC Franchise's obligation under area development agreements generally consists of providing exclusive franchising rights within a specific geographic area. The franchise rights are not distinct from franchise agreements; therefore, upfront fees paid by franchisees for exclusive franchise rights are recognized ratably over the term of the contract upon execution of the agreement.

**Deferred Franchise Fees**

Deferred franchise fees consist of initial franchise fees collected, where EOC Franchise is still obligated to complete certain performance obligations outlined in the franchise agreement. The initial franchise fee for a new franchisee is \$50,000 for the first location and \$35,000 for subsequent locations, both of which are nonrefundable and due upon execution of the franchise agreement.

Deferred revenue results from initial franchise fees paid by franchisees, which are generally recognized ratably over the term of the agreement. The following table reflects the change in deferred revenue for the years ended December 31, 2022 or 2021:

	<u>2022</u>	<u>2021</u>
Deferred franchise fees at beginning of period	\$ 719,934	\$ 862,227
Revenue recognized during the period	(132,770)	(152,293)
New deferral due to cash received and other	<u>10,000</u>	<u>10,000</u>
Deferred franchise fees at end of period	<u>\$ 597,164</u>	<u>\$ 719,934</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2022:

2023	\$	124,462
2024		117,174
2025		102,116
2026		80,619
2027		62,662
Thereafter		<u>110,131</u>
Total	\$	<u>597,164</u>

**EXPRESS OIL CHANGE FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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**3. EMPLOYEE BENEFIT PLAN**

EOC Group sponsors a 401(k) plan, covering all eligible employees as defined by the plan's Adoption Agreement. Eligible employees are employees who have completed one year of service and are 18 years of age. The plan permits a deferral of up to 90% of gross eligible wages, with a match of 25% of the employee's contribution up to 4% of the employee's eligible earnings. EOC Franchise contributions to the plan totaled \$7,317 and \$11,005 during 2022 or 2021, respectively.

**4. RELATED PARTY TRANSACTIONS**

The costs of centralized EOC Group functions such as cash management, legal, accounting, tax and human resources are allocated primarily based on proportionate revenue or headcount of EOC Franchise to that of EOC Group. EOC Group allocates the costs of all services charged directly to EOC Franchise, using methods that management of EOC Group and EOC Franchise believes are reasonable. Such charges and allocations do not necessarily indicate the costs that EOC Franchise would have incurred if it had been a separate entity. The incremental amount of expenses allocated to EOC Franchise for the above-specified expenses have been settled as an adjustment in the net EOC Group investment.

For the year ended December 31, 2022, no related party transactions occurred. For the year ended December 31, 2021, certain franchise locations were related parties due to common ownership. In 2021, royalty revenue from these locations totaled \$95,068. During 2021, no franchise fees pertained to these related party locations.

**STATE EFFECTIVE DATES AND RECEIPTS**

**EXHIBIT O**

## **STATE EFFECTIVE DATES**

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

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

<b><u>State</u></b>	<b><u>Effective Date or Status</u></b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	April 22, 2025
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 other seller-assisted marketing plans.

**RECEIPT**

This disclosure document summarizes certain provisions of the license agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Gimex Properties Corp., Inc. offers you a franchise, Gimex Properties Corp., Inc. must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

**Iowa, New York, and Rhode Island** require that Gimex Properties Corp., Inc. give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or pay any consideration that relates to the franchise relationship.

**Michigan and Oregon** require that Gimex Properties Corp., Inc. give you this disclosure document at least 10 business days before you sign a binding agreement or pay any consideration, whichever occurs first.

If Gimex Properties Corp., Inc. 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 applicable state agency.

The name, principal business address and telephone number of each franchise seller offering the franchise *[the prospective franchisee should write-in the names of any employees, agents or brokers of the franchisor if the prospect has had significant contact with the person and the person is not otherwise listed]:*

Fernanda Ramirez 7071 W. Central Ave., Suite C Toledo, Ohio 43617 Phone: (419) 865-6900		
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Issuance Date: April 30, 2025. For State effective dates see the table on page ii of the FDD.

I received a Franchise Disclosure Document dated April 30, 2024 that included the following Exhibits:

- |   |                                           |   |                                          |
|---|-------------------------------------------|---|------------------------------------------|
| A | Notice under Michigan Franchise Inv. Law  | I | Lease Addendum                           |
| B | List of State Administrators              | J | Table of Contents of Operations Manual   |
| C | List of Agents for Service of Process     | K | List of Units                            |
| D | License Agreement                         | L | List of Franchisees That Left the System |
| E | Addendum to License Agreement-Renewal     | M | Financial Statements                     |
| F | Addendum to License Agreement-Transfer    | N | State Specific Disclosures and Addenda   |
| G | Area Development Agreement                | O | State Effective Dates and Receipts       |
| H | License Termination and Release Agreement |   |                                          |
|   | Sublease                                  |   |                                          |

Please complete any applicable franchise seller information above and then sign and date this Receipt and return a signed copy to Fernanda Ramirez by mail, fax or email.

Dated: \_\_\_\_\_

X  
\_\_\_\_\_  
[sign above]

\_\_\_\_\_  
[print name (and title if applicable)]

\_\_\_\_\_  
[print name of entity if applicable]

**RECEIPT**

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**Michigan and Oregon** require that Gimex Properties Corp., Inc. give you this disclosure document at least 10 business days before you sign a binding agreement or pay any consideration, whichever occurs first.

If Gimex Properties Corp., Inc. 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 applicable state agency.

The name, principal business address and telephone number of each franchise seller offering the franchise *[the prospective franchisee should write-in the names of any employees, agents or brokers of the franchisor if the prospect has had significant contact with the person and the person is not otherwise listed]:*

Fernanda Ramirez 7071 W. Central Ave., Suite C Toledo, Ohio 43617 Phone: (419) 865-6900		
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| F | Area Development Agreement                | N | State Specific Disclosures and Addenda   |
| G | License Termination and Release Agreement | O | State Effective Dates and Receipts       |
| H | Sublease                                  |   |                                          |

Please complete any applicable franchise seller information above and then sign and date this Receipt and return a signed copy to Fernanda Ramirez by mail, fax or email.

Dated: \_\_\_\_\_

X  
\_\_\_\_\_  
[sign above]

\_\_\_\_\_  
[print name (and title if applicable)]

\_\_\_\_\_  
[print name of entity if applicable]