

# **EXHIBIT A**

## **STATE ADDENDUM TO DISCLOSURE DOCUMENT**

**PRECISION FRANCHISING LLC  
FRANCHISE DISCLOSURE DOCUMENT  
STATE DISCLOSURE ADDENDUM**

The following states have statutes that may supersede the Franchise Agreement and other related agreements in your relationship with the Franchisor. These statutes may affect the enforceability of provisions in the Agreements related to termination; transfer; renewal; covenants not to compete; choice of law; jurisdiction; venue selection; execution of waivers and releases of claims under the statute; injunctive relief; waiver of rights to jury trial; punitive and liquidated damage provisions, and other remedies; arbitration; and discrimination between franchisees: Ark. Code Ann. §4-72-201 Michie 1993); Cal. Corp. code §§31000-31516 (West 1994); Cal. Bus. & Prof. Code §§20000 - 20043 (West 1994); Conn. Gen. Stat. §42-133e (1994); Del. Code Ann. Tit. 6 §2552 (1993); Haw. Rev. Stat. §§482E-1 - 482E-12 (1993); Ill. Rev. Stat. Ch. 815 para. 705/1 - 705/44 (1994); Ind. Code §§1 - 51 (1994); Ind. Code Ann. §23-2-2.7 (West 1994); Iowa Code §§523H.1 - 523H.17 (1994); Md. Code Ann., Bus. Reg. §§14-201 - 14-233 (1994); Mich. Comp. Laws §§445.1501 - 445.1545 (1994); Minn. Stat. §§80C.01 - 80C.22 (1994); Minn. Stat. §§80C.01 - 80C.14 (1994); Miss. Code Ann. §75-24-51 (1993); Mo. Ann. Stat. §407.400 (Vernon 1994); Neb. Rev. Stat. §87-401 (1993); N.J. Stat. Ann. §§56:10-1 (West 1994); N.Y. Gen. Bus. Law §§680-695 (1994); N.D. Cent. Code§ 51-19-01 (1993); Or. Rev. Stat. §§650.005 - 650.085; R.I. Gen. Laws §§19-28.1-1 - 19-28.1-34 (1993); S.D. Codified Laws Ann. §§37-5B-1 – 37-5B-53 (2008); Tex. Rev. Civ. Stat. Ann. Art. 16.01 (1994); Va. Code Ann. §§13.1-554 - 13.1-577; Wash. Rev. Code §§19.100.010 - 19.100.940 (1994); Wis. Stat. §§553.01 - 553.78 (1994); Wis. Stat. §§135.01 - 135.07 (1984). These and other states may have fair practice laws and other civil statutes affecting contracts and state and federal court decisions that may also affect the enforcement of provisions in the Franchise Agreement and other related agreements.

A provision in the Franchise Agreement that terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

This Franchise Disclosure is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws:

<u>Jurisdiction</u>	<u>Effective Date</u>
<b>California -</b>	
<b>Hawaii -</b>	<b>N/A</b>
<b>Illinois -</b>	<b>March 31, 2024</b>
<b>Indiana -</b>	<b>March 31, 2024</b>
<b>Maryland -</b>	
<b>Michigan -</b>	
<b>Minnesota -</b>	
<b>New York -</b>	<b>March 31, 2024</b>
<b>North Dakota -</b>	<b>N/A</b>
<b>Rhode Island -</b>	<b>N/A</b>
<b>South Dakota -</b>	<b>N/A</b>
<b>Virginia -</b>	
<b>Washington -</b>	<b>May 18, 2024</b>
<b>Wisconsin -</b>	<b>N/A</b>
<b>All other states, the District of Columbia and U. S. Territories -</b>	

## **PRECISION FRANCHISING LLC**

### **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

(1) Item 3 of this disclosure document is modified to include the following paragraph:

No person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

(2) Item 17 of this disclosure document is modified to include the following paragraph under the Summary columns of parts (c) and (m):

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). California Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (California Business and Professions Code 20000 through 20043).

(3) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (r):

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

(4) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (s):

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

- (5) Item 17 of this disclosure document is modified to include the following paragraphs under the Summary column of part (w):

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

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

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

## PRECISION FRANCHISING LLC

### ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

(1) Item 17 of this disclosure document is modified by adding the following paragraphs at the end of the chart:

#### State Law

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/1 - 705/44.

The Illinois Franchise Disclosure Act will govern any franchise agreement if it applies to a franchise located in Illinois.

The franchise agreement will become effective on its acceptance and signing by us in the State of Virginia. The franchise agreement will be interpreted and constructed under the substantive laws of Virginia, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C, Sections 1051 et. seq.). However, any condition in the franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois, provided that the franchise agreement may provide for arbitration in a forum outside of Illinois.

Any action brought by either party in any court, except for claims that must be submitted to arbitration, whether federal or state, will be brought in the state or federal court having jurisdiction in the state of Virginia. The parties waive all question of personal jurisdiction or venue. However, any condition in the franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois, provided that the franchise agreement may provide for arbitration in a forum outside of Illinois.

## **PRECISION FRANCHISING LLC**

### **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

2. Item 12, Territory, is amended to add the following at the end of the first paragraph:

Maryland, the Assigned Area, will be an area comprising of a 2-mile radius from the location. You do not obtain exclusive rights within the Assigned Area, but you do obtain a right of first refusal if we wish to grant another franchise within this area, and provided if you are in full compliance of your obligations under the franchise agreement.

3. Item 17, Summary column for (c) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the Maryland Franchise Registration and Disclosure Law.

4. Item 17, Summary column for (h) is amended to add the following:

A provision in your franchise agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101 et seq.

5. Item 17, Summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Maryland Franchise Registration and Disclosure Law.

6. Item 17, Summary column for (v) is amended to add the following:

The venue provision will not supersede your right to bring claims under the Maryland Franchise Registration and Disclosure Law in a Maryland court. All other claims must be brought in Virginia.

7. Item 17, Summary column for (w) is amended to add the following:

Virginia law applies, but this choice of law is not a waiver of your rights under the Maryland Franchise Registration and Disclosure Law.

## **PRECISION FRANCHISING LLC**

### **MICHIGAN ADDENDUM TO THE DISCLOSURE DOCUMENT**

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

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

exercising a right of first refusal to purchase the franchise. Good cause shall include but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market of appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed the cure the breach in the manner provided in subdivision (C).
- I. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Michigan Agency for Service of Process:  
Michigan Department of Commerce, Corporations and Securities Bureau  
670 Law Building  
Lansing, MI 48913

## **PRECISION FRANCHISING LLC**

### **MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

1. Item 6, Footnote 8 is amended to add the following:

Minnesota Rule 2866.440J prohibits liquidated damages clauses in franchise agreements. Accordingly if Minnesota law applies to your franchise agreement and if you wrongfully terminate the franchise agreement or if we terminate your franchise agreement due to your breach, you must pay us damages arising out of your breach in an amount determined by a court of competent jurisdiction.

2. Item 13 is amended to add the following:

We protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

3. Item 17, Summary column for (c) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the Minnesota Franchises Act.

4. Item 17, Summary columns for (c) and (f) are amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds, 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.

5. Item 17, Summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchises Act.

6. Item 17, Summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**PRECISION FRANCHISING LLC**

**RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

Item 17 of this disclosure document, in summary columns for items (u), (v) and (w), is modified to state that any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act

## **PRECISION FRANCHISING LLC**

### **SOUTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT**

- (1) Item 3 of this disclosure document is modified to include the following paragraph:

Neither we nor any person in Item 3 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this disclosure document been a party to concluded material arbitration proceedings.

- (2) Item 6 of this disclosure document is modified to delete the entire row entitled "Future Lost Profits".

- (3) Item 17 of this disclosure document, in the summary column of part (q), is modified to include the following paragraph:

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the state of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of Virginia.

- (4) Item 17 of this disclosure document, in the summary column of parts (v) and (w), is modified to include the following paragraph:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

## **PRECISION FRANCHISING LLC**

### **WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT**

1. Item 17 is amended to add the following:

#### **WASHINGTON STATEMENT**

If any of the provisions in the franchise disclosure document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.

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

## **EXHIBIT B**

### **LIST OF AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	California Corporations Commissioner Department of Corporations 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505	California Corporations Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 1010 Richards Street, 2nd Floor Honolulu, HI 96813 (808) 586-2727	Director of Hawaii Department of Commerce and Consumer Affairs
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place 20th Floor Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place 20th Floor Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23 <sup>rd</sup> Floor New York, NY 10271 (212) 416-8211	Secretary of State State of New York 162 Washington Street Albany, NY 11231
NORTH DAKOTA	Office of Securities Commissioner 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E., #410 Salem, OR 97310 (503) 378-4140	Director of Oregon Department of Insurance and Finance
RHODE ISLAND	Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 South Euclid Street Suite 104 Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

# **EXHIBIT C**

## **FRANCHISE AGREEMENT AND RELATED DOCUMENTS**



**PRECISION TUNE AUTO CARE®**

**FRANCHISE AGREEMENT**

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
RECITALS.....	1
I. GRANT.....	1
II. LIMITATIONS ON GRANT .....	2
III. TERM AND RENEWAL.....	2
IV. FEES AND PAYMENTS .....	3
V. FRANCHISOR'S OBLIGATIONS .....	5
VI. FRANCHISEE'S FORM OF ORGANIZATION .....	5
VII. CONFIDENTIALITY .....	6
VIII. CONFIDENTIAL MANUALS .....	7
IX. MARKS .....	8
X. MANAGEMENT AND TRAINING .....	9
XI. OPERATIONS.....	10
XII. ACCOUNTING AND RECORDKEEPING .....	13
XIII. PROMOTION AND MARKETING.....	14
XIV. INSURANCE.....	17
XV. DEFAULT AND TERMINATION.....	18
XVI. TRANSFER OF INTEREST .....	20
XVII. OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	23
XVIII. RESTRICTIVE COVENANTS .....	25
XIX. TAXES, PERMITS, INDEBTEDNESS .....	26
XX. INDEPENDENT CONTRACTOR .....	26
XXI. INDEMNIFICATION.....	27
XXII. APPROVAL AND WAIVERS.....	28
XXIII. NOTICES .....	28
XXIV. ENTIRE AGREEMENT; MODIFICATIONS.....	28
XXV. SEVERABILITY AND CONSTRUCTION .....	29
XXVI. APPLICABLE LAW; CHOICE OF VENUE AND FORUM .....	29
XVII. ACKNOWLEDGMENTS .....	30
Schedule 1.1	Location and Opening Date
Schedule 1.2	Assigned Area
Schedule 1.3	Site Development Addendum
Schedule 3.1.1	Agreement and Contingent Assignment of Lease
Schedule 6.5	Guaranty Agreement
Attachment 1	PTAC Marketing Fund, Inc. Agreement
Attachment 2	VETFRAN Financing Documents (Addendum/Promissory Note – If Applicable)
Attachment 3	Confidentiality Agreement
Attachment 4	Promissory Note (If Applicable)
Attachment 5	State Amendment to Franchise Agreement (If Required)
Attachment 7	SoftWrench License and Support Agreements
Attachment 8	Electronic Funds Transfer Authorization
Attachment 9	Consent Agreement

FRANCHISE AGREEMENT

Center No.: \_\_\_\_\_

Effective Date: \_\_\_\_\_

BETWEEN:  
PRECISION FRANCHISING LLC  
"Franchisor"

(a Virginia limited liability company)  
19980 Highland Vista Drive, Suite 155  
Ashburn, VA 20147

AND:

\_\_\_\_\_  
"Franchisee"  
Address for legal notices:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RECITALS

- A. Franchisor and its predecessors have spent time, skill, effort, and money to develop unique and specialized training, management and marketing techniques and materials, operational procedures, advertising and marketing programs and continuing improvements, methods and research in these categories for the establishment and operation of an automotive service business (the "System") for the benefit of the Franchisor, Franchisee, and their customers.
- B. Franchisor and its predecessors have developed, advertised and established in connection with the System certain unique trademarks, service marks, trade names, logos, emblems, commercial symbols, trade dress and slogans (the "Marks").
- C. Franchisee wants to acquire the right and privilege to operate a business utilizing the System and the Marks under the terms and conditions stated in this Agreement.
- D. Franchisee acknowledges the value of the System and the Marks, and understands that a part of their value is the continuous and complete compliance with the standards, quality, uniformity and programs that now have been and in the future will be established by the Franchisor.

NOW, THEREFORE, in consideration of the above premises, and of the additional mutual covenants and valuable consideration recited herein, the parties hereto enter into this Precision Tune Auto Care® Franchise Agreement (the "Agreement") as of the date Franchisor executes this Agreement set forth below:

SECTION I. GRANT

1.1 Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee the license, and Franchisee undertakes the obligation, to operate an automotive service business (a "Center" or "Franchised Business") using the Marks and System solely at and from the accepted location described in Schedule 1.1 (the "Location"). Franchisee shall operate the Franchised Business only from the Location, and shall not relocate the Franchised Business without the prior written consent of Franchisor.

1.2 Except as otherwise provided in this Agreement, and subject to Franchisee's full compliance with this Agreement, and any other agreement among Franchisee and any of its affiliates and Franchisor or any of its affiliates, neither Franchisor nor any of its affiliates shall establish or license another individual or entity to operate a PRECISION TUNE AUTO CARE® Center within the assigned area (the "Assigned Area") attached hereto as Schedule 1.2.

1.3 If, at the time of execution of this Agreement, Franchisee has not secured a location for the Franchised Business, Franchisee shall execute the attached Site Development Addendum attached hereto as schedule 1.3.

## SECTION II. LIMITATIONS ON GRANT

2.1 Notwithstanding any rights granted to Franchisee herein, nothing will preclude:

2.1.1 Franchisor, its affiliates, and any other franchisee, authorized person or entity from establishing and operating the same or similar businesses using the Marks and System granted Franchisee anywhere outside of the Assigned Area regardless of proximity to the Assigned Area or the Location.

2.1.2 Franchisor, its affiliates, and any other franchisee, authorized person or entity from selling its products or services in the general retail market or through third parties' retail establishments under the Marks or different trademarks, service marks or commercial symbols within or outside of the Assigned Area.

2.1.3 Franchisor, its affiliates, and any other franchisee and other authorized person or entity from, at any time, advertising and promoting the Marks and the System within or outside of the Assigned Area.

2.1.4 Franchisor, its affiliates, and any authorized person or entity from developing, establishing, operating, or franchising other business concepts offering different or similar products and services that may use the Marks or different trademarks, service marks or commercial symbols within or outside of the Assigned Area without providing any rights or compensation to Franchisee.

2.1.5 Franchisor or its affiliates from operating (or authorizing others to operate) a full-service Center or other similar automotive service facility offering the same products and services offered by a full-service Center in any "Reserved Area." (A "Reserved Area" is defined as any transportation facility (e.g., airports, train stations, bus terminals, port authorities); military bases or other governmental facilities; or similar locations we designate.).

2.1.6 Franchisor, its affiliates and any authorized person or entity from developing, establishing, operating or franchising any business or concepts similar to, or competitive with, the Precision Tune Auto Care franchised business offering the same, similar or different products or services (with products or services having the same, similar or different trademarks, service marks or other commercial symbols as the products and services sold at the Precision Tune Auto Care Centers) within or without the Assigned Area without providing any rights or compensation to you, as long as such business or concept does not use the Marks to identify the business.

### SECTION III. TERM AND RENEWAL

3.1 The term of this Agreement, which shall include the renewal terms as used in this Agreement, begins on the Effective Date. If Franchisee has begun operation of the Center prior to execution of this Agreement, the Effective Date will be the date Franchisee began operation of the Center. Otherwise, the Effective Date will be the date Franchisor executes this Agreement. The initial term of this Agreement shall be ten (10) years after the Effective Date. This Agreement will automatically renew on the same terms and conditions unless either party notifies the other in writing at least 90 days in advance of the end of the current term of its intention not renew. The term of each renewal term shall be five (5) years.

3.2 Unless a timely notice of non-renewal has been given, no less than thirty (30) days prior to the expiration of the current term, Franchisee shall (i) pay a renewal fee of two Thousand Dollars (\$2000) and (ii) furnish to Franchisor a copy of the Lease or its extension signed by Franchisee and Franchisee's lessor or sublessor, as the case may be (for purposes hereof, "Lessor") and (iii) in Franchisor's sole discretion, enter into a new franchise agreement for the renewal term. If Franchisor elects not to issue a new franchise agreement, then this Agreement will continue in full force and effect throughout the renewal term.

### SECTION IV. FEES AND PAYMENTS

4.1 Upon execution of this Agreement by Franchisee, Franchisee shall pay to Franchisor by cashier's check or by wire transfer an initial franchise fee in the amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_). The initial franchise fee shall be deemed fully earned by Franchisor upon Franchisor's execution of this Agreement in consideration of general administrative costs, sales costs, legal and other direct and indirect costs and other expenses incurred by Franchisor related to the selection, interviewing, and investigation in granting the Franchise. Thereafter, the initial franchise fee is not refundable, except as provided in this Agreement. The initial franchise fee is not applicable if this is a renewal agreement.

4.2 Commencing as of the earlier of (1) the date when the Center opens for business, or (2) one year from the date of execution of this Agreement, and continuing thereafter throughout the term of this Agreement, Franchisee shall pay to Franchisor an operating fee equal to seven and one-half percent (7.5%) of the weekly gross sales of the Franchised Business, but not less than Three Hundred Dollars (\$300) each week. If the Center, after being open, is subsequently closed for relocation or for any other reason for more than six months, Franchisee shall immediately notify Franchisor in writing of such closing and, beginning at the end of six months after the closing of the Center, pay Franchisor a fee of Three Hundred Dollars (\$300) each week until the Center reopens; provided, however, the Franchised Business shall not remain unopened for a period of time greater than six (6) months unless otherwise approved by Franchisor in writing. If Franchisee fails to provide such written notice to Franchisor, the closing shall be deemed to be an abandonment of the Franchised Business.

4.3 Franchisee shall pay all continuing payments required under this Section IV on or before Friday of each week (the "due date") based on gross sales during the week ended on the immediately preceding Sunday.

4.3.1 By executing this Agreement, Franchisee agrees that Franchisor may withdraw funds from Franchisee's designated bank account each week by electronic funds transfer ("EFT") in the amount of the operating fee and advertising fees described in Sections 4.2 above and 13.1 below, if Franchisor so notifies Franchisee. Franchisee agrees to execute from time to time an electronic fund transfer authorization in accordance with the provisions of this Section 4.3. In lieu of receiving payment

through EFT, Franchisor may require Franchisee to submit such payments to Franchisor through other means, such as by mail or other delivery system, as Franchisor designates in writing.

4.3.2 If the gross sales information or remittance report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the operating and advertising fees for the subject week based on (a) information regarding Franchisee's gross sales for the preceding week obtained by Franchisor in the manner contemplated by Section 11.3 of this Agreement, or (b) the most recent remittance report provided to Franchisor by Franchisee; provided that if a remittance report for the subject week is subsequently received or gross sales information obtained reflects (i) that the actual amount of the operating and advertising fees due was more than the amount of the EFT by Franchisor, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the operating and advertising fees due was less than the amount of the EFT by Franchisor, then Franchisor shall credit the excess amount to the payment of Franchisee's future operating and advertising fees obligations. For any other monetary obligation not paid when due to Franchisor or its affiliates, Franchisor may withdraw such amounts due 5 days after such amount becomes past due, provided such day is a business day (and if not a business day, on the next succeeding business day). Franchisee shall, upon execution of this Agreement or at any time thereafter at Franchisor's request, execute such documents or forms as Franchisor determines are necessary for Franchisor to process EFTs from Franchisee's designated bank account for the payments due hereunder. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment plus a service charge applied by Franchisor and the bank, if any. Franchisee further agrees that it shall at all times throughout the term of this Agreement maintain a minimum balance of Two Thousand Dollars (\$2,000.00) in the Franchisee's bank account against which such EFTs are to be drawn for the Center operated under this Agreement. Upon written notice by Franchisor to Franchisee, Franchisee shall execute such other documents that Franchisor or Franchisee's bank may require to implement the foregoing procedure. It shall be a material default if, without Franchisor's consent, Franchisee closes this designated bank account, or upon Franchisor's approval fails to establish another account and execute all documents necessary for Franchisor to process such payments by EFT for the newly designated account.

4.4 Any weekly sales report not actually received by Franchisor or its designee by the due date shall be deemed overdue. If any such report is overdue, Franchisee shall pay Franchisor, a late report fee in the amount of \$100 for each week or portion thereof until the report is received by Franchisor. The foregoing shall be in addition to any other remedies Franchisor may have.

4.5 Any payment not actually received by Franchisor or its designee by the due date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on the amount from the date it was due until paid at the rate of eighteen percent (18%) per annum or the maximum rate permitted under applicable federal or state law, if it is less than eighteen percent (18%) per annum. The foregoing shall be in addition to any other remedies Franchisor may have, including, without limitation, the right to set-off on any amounts owed by Franchisor or its affiliates to Franchisee.

4.6 As used in this Agreement, the term "gross sales" shall mean the amount of sales of all products and services sold in, on, about, or from the Center by Franchisee, whether for cash, barter or on a charge, credit or time basis, without reserve or deduction for inability or failure to collect, and including income of every kind and nature related to the Franchised Business. Gross sales shall not include the amount of any excise or sales or use tax levied on retail sales and payable over to the appropriate governmental authority. In computing gross sales, Franchisee may deduct the amount of over-rings, refunds, allowances, or discounts to customers (including coupon sales) provided that such amounts have been included in gross sales and provided that Franchisee complies with the requirements, including time limits, established by Franchisor from time to time in writing.

## SECTION V. FRANCHISOR'S OBLIGATIONS

5.1 Franchisor agrees to make available to Franchisee, or assist Franchisee in obtaining, the following:

5.1.1 Standard construction plans, specifications and layouts for the structures, as Franchisor makes available to all franchisees from time to time. Franchisor may also require the purchase of a distinctive or unique building or other structure developed by Franchisor from a source approved by Franchisor.

5.1.2 Initial and advanced training in the System, including standards, methods, procedures and techniques, at such times and places as Franchisor may designate for its training program, in its discretion, and subject to the other terms of Section X.

5.1.3 Assistance as Franchisor determines is required in connection with the opening of the Center by Franchisee.

5.1.4 Use of the Precision Tune Auto Care Confidential Center Policies and Procedures Manual (the "P and P Manual"), and other manuals and training aids, as revised by Franchisor from time to time when, in Franchisor's discretion, modifications are necessary.

5.1.5 Merchandising, marketing and other data and advice as may from time to time be developed by Franchisor or the Precision Tune Advertising Fund (PTAC Marketing Fund, Inc. or its successors or affiliates) and deemed by Franchisor to be helpful in the operation of the Franchised Business. This data and advice may be delivered by telephone, mail or personal visit.

5.1.6 Bulletins, brochures, manuals, and reports as may from time to time be published by or on behalf of Franchisor, regarding its plans, policies, and other resources and assistance as may hereafter be developed and offered by Franchisor.

5.2 Franchisor may provide some guidance and advice to Franchisee with respect to Franchisee's selection of a suitable site on which to operate the Center. However, responsibility for locating and selecting a site rests **solely** with the Franchisee. Franchisor's approval of a site is neither a recommendation that Franchisee select a particular site, nor is it an endorsement or guarantee by the Franchisor with respect to the suitability of the site.

5.3 All or a portion of the obligations to be performed by Franchisor may be performed on behalf of Franchisor by a third party designated by Franchisor.

## SECTION VI. FRANCHISEE'S FORM OF ORGANIZATION

6.1 If Franchisee is or becomes a corporation, the Franchisee corporation shall comply with the following requirements:

6.1.1 Franchisee's Articles of Incorporation and Bylaws (or comparable governing documents) shall at all times specify that its activities are consistent with the establishment and operation of the Franchised Business under this Agreement and that the issuance and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. On Franchisor's request, Franchisee will furnish such governing documents to Franchisor.

6.1.2 Franchisee shall place the following language on all shares of common or

voting stock certificates of the corporation:

“The transfer of these securities is subject to the terms and conditions of a Franchise Agreement with Precision Franchising LLC dated [fill in “Effective Date” here]. Reference is made to this Agreement and to the restrictive provisions of the Articles and Bylaws of this Corporation.”

6.2 If Franchisee is or becomes a limited liability entity, Franchisee shall furnish Franchisor promptly a copy of its organization and management agreements and any other documents and amendments Franchisor may request. One person will be named as the person to receive notice and to sign all documents that will bind the entity. Any documents indicating interests held in the limited liability entity shall contain language similar to that specified in Section 6.1.2 above.

6.3 If Franchisee is or becomes a partnership, Franchisee shall promptly furnish Franchisor a copy of its partnership agreement and any other documents and amendments Franchisor may reasonably request. Franchisee shall maintain a current list of all general and limited partners, all owners of record, and all beneficial owners of any class of voting interest of Franchisee and shall furnish the list to Franchisor promptly upon request. The general partner will execute all documents binding the partnership.

6.4 Franchisee shall confine its activities to those consistent with the establishment and operation of the Franchised Business under this Agreement. Upon reasonable request by Franchisor, Franchisee shall promptly disclose in writing all activities being conducted by Franchisee.

6.5 Each individual or legal entity which holds a five percent (5%) or greater ownership interest of any type, directly or indirectly, in Franchisee shall enter into a continuing guaranty agreement, in a form satisfactory to Franchisor, guaranteeing the Franchisee’s performance of the Agreement in the form attached as Schedule 6.5.

## SECTION VII. CONFIDENTIALITY

7.1 Franchisee expressly understands and agrees that this Agreement creates a confidential relationship between Franchisor and Franchisee and that, as a result thereof, Franchisor will be disclosing and transmitting to Franchisee certain confidential and proprietary information in connection with the System and Franchisee’s operation of the Franchised Business. Franchisee hereby agrees that Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, shall not use for the benefit of Franchisee, or any of its principals, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to Franchisee or its principals or of which they may be apprised in connection with the operation of the Center under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of Franchisee’s employees as must have access to it in order to operate the Center. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement including, but not limited to, the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, and other information communicated in writing and through other means, including electronic media (e.g., CD Rom, computer disk or video and audio tape) shall be deemed confidential for purposes of this Agreement. Franchisee shall not at any time, without Franchisor’s prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee.

7.2 Franchisee shall obtain the execution of covenants similar to those set forth in Section 7.1, in a form substantially similar to the Confidentiality Agreement attached hereto (Attachment 3), from its General Manager and any other personnel of Franchisee who receive or will have access to Franchisor's confidential information. All persons having any ownership interest in Franchisee who do not sign this Agreement or guarantee Franchisee's performance hereunder also must execute such covenants.

7.3 If Franchisee develops any new concept, product, process or improvement in the operation or promotion of the Center, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, and agrees that any such concept, process or improvement will become the property of Franchisor without compensation, and that Franchisor may use or disclose such information to other franchisees as Franchisor determines to be appropriate.

## SECTION VIII. CONFIDENTIAL MANUALS

8.1 To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the P and P Manual, and any other manuals or other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the P and P Manual, and any other manuals and materials created or approved for use in the operation of the Franchised Business (collectively, the "Manuals").

8.2 Franchisee shall at all times treat the Manuals and the information contained therein, as confidential and shall maintain such information as trade secrets and confidential in accordance with Section VII. Franchisee shall use all reasonable efforts to maintain this information as secret and confidential, and Franchisee shall divulge and make such materials available only to those of Franchisee's employees who must have access to it in order to operate the Center, or to such other persons authorized by Franchisor in writing. Franchisee shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

8.3 The Manuals and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall at all times keep them in a secure place on the Center premises, and shall return them to Franchisor immediately upon request or upon termination or expiration of this Agreement.

8.4 The Manuals shall supplement and be deemed a part of this Agreement.

8.5 Franchisor may from time to time revise the contents of the Manuals. Franchisee expressly agrees to comply with each new or changed standard.

8.6 Franchisee shall at all times ensure that the Manuals are kept current and up-to-date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

8.7 Franchisor may charge a replacement fee for any replacement Manual requested by Franchisee.

## SECTION IX. MARKS

9.1 Franchisor warrants that Franchisor is the owner of all right, title, and interest in and to the Marks, and Franchisor will use and will permit Franchisee and other Precision Tune Auto Care

franchisees to use the Marks only in accordance with the System and the standards and specifications which underlie the goodwill associated with and symbolized by the Marks. Any unauthorized use of the Marks will be a default of this Agreement.

9.2 With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee covenants that:

9.2.1 Franchisee shall operate and advertise the Center exclusively under the mark "Precision Tune Auto Care", without prefix or suffix, and such other Marks as are designated in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor. These Marks are only for the operation of the Franchised Business and only at the Location authorized hereunder or in advertising for the Franchised Business conducted at the Location. Franchisee shall not use or reproduce the Marks in any manner not expressly authorized by Franchisor, without the express written consent of Franchisor.

9.2.2 Franchisee shall not use any of the Marks, including, but not limited to, "Precision", "Precision Tune Auto Care", "Precision Tune", "PT", "PTAC", or anything similar thereto, as part of its corporate or other legal name. Franchisee shall not register the Marks, or any variation thereon, for use in any electronic medium, including the Internet or the worldwide web; nor shall Franchisee use the Marks, or any variation thereon, in connection with the registration of any domain and/or website names or addresses, including any searchable metadata or Google search strings. Franchisee shall comply with Franchisor's instructions in filing and maintaining requisite trade name or fictitious name registrations. Franchisee agrees to execute, during or after the term of this Agreement, upon Franchisor's request, any consents necessary for the registration of Franchisor's corporate name or entity name in the state where Franchisee conducts the Franchised Business.

9.2.3 Franchisee shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability. Franchisee shall not, directly or indirectly, contest the Marks' ownership or validity.

9.2.4 In the event that litigation involving the Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in Franchisor's defense or settlement of such litigation.

9.2.5 Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel, in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office proceeding or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks, provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.3 Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade

names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Center and only at or from its Location or in approved advertising related to the Center.

9.4 Franchisee shall not use the Marks to incur any obligations or indebtedness on behalf of Franchisor.

9.5 Franchisee expressly understands and acknowledges that Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and that Franchisor is the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them. Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Marks or System, except the non-exclusive license granted herein. Upon transfer, expiration or termination of this Agreement, any monetary amount assigned as "goodwill" shall not refer to goodwill inherent in the Marks or System. Further, Franchisor reserves the right to substitute different marks for use in identifying the System and the businesses operating thereunder, and Franchisee, at Franchisee's expense, will adopt and use such additional or replacement Marks in the Franchised Business, as Franchisor may direct.

## SECTION X. MANAGEMENT AND TRAINING

10.1 Except as Franchisor may otherwise expressly permit in writing, Franchisee (or, if Franchisee is a corporation, partnership or limited liability entity, a principal of Franchisee) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business (and, if applicable, to other Precision Tune Auto Care franchised businesses owned and operated by Franchisee).

10.2 Except as Franchisor may otherwise expressly permit in writing, prior to Franchisee's commencement of operation of the Franchised Business, Franchisee (or, if Franchisee is a corporation, partnership or limited liability entity, a principal of Franchisee) shall attend and complete, to Franchisor's satisfaction, the initial franchise management training program offered by Franchisor. In addition and prior to commencing operation of the Franchised Business, Franchisee (or an employee designated by Franchisee) must have attended and received a certificate of completion to Franchisor's satisfaction, of Franchisor's initial franchise management training program.

10.3 Franchisee shall ensure that the Franchised Business is at all times under the management and supervision of a trained and qualified person acceptable to Franchisor. Franchisor may require any other principal or employee of Franchisee who is, or subsequently becomes, actively involved in the management of the Franchised Business, to attend and satisfactorily complete such training programs as Franchisor may require. If Franchisee or any such person is not available to attend and satisfactorily complete a required program, Franchisee may designate a substitute trainee to Franchisor.

10.4 Franchisor has adopted standards for technical certification of Precision Tune Auto Care Centers, which include requirements for equipment, training, and staffing to provide specialized automotive services. Franchisor may revise or expand its technical certification standards and the services to which they relate from time to time in the Manuals or otherwise in writing. Franchisee shall attain within 1 year after commencing operation of the Franchised Business, and maintain at all times during the term of this Agreement, full technical certification of its Center, as required by Franchisor. Franchisee shall install and maintain at the Center at all times all required items of equipment, tools, parts, and supplies. Franchisee shall employ at least 1 fully certified full-time technician in the Center at the time of opening for business and, thereafter, shall comply with Franchisor's requirements for fully certified full-time technicians employed at the Center.

10.5 Franchisee shall cause its technicians and other employees to attend and satisfactorily

complete all training programs, including basic and advanced training, refresher courses, and technical or business seminars, as necessary, in Franchisee's determination, for its technicians and other employees to provide the services at the Center in accordance with the terms of this Agreement and the Manuals.

10.6 Franchisee or its employees shall be responsible for all personal expenses incurred by them in connection with training programs, including, without limitation, costs and expenses of transportation, lodging, meals, and wages and employee benefits. Franchisor may require Franchisee to make reservations for Franchisee or its employees in advance of attending any training courses or seminars. Franchisor may charge a deposit in connection with such reservations (which may be refunded or applied toward a course fee upon attendance) and may charge a cancellation fee, if such reservations are canceled. Franchisee shall pay all costs, fees, or charges, which Franchisor may from time to time impose for training or related services.

## SECTION XI. OPERATIONS

11.1 Franchisee understands and acknowledges that every detail of the System and the Franchised Business is important to Franchisee, Franchisor, and other Precision Tune Auto Care franchisees to maintain high and uniform operating standards, to increase the demand for the services and products sold by all franchisees, and to protect the reputation and goodwill associated with the Marks.

11.2 Franchisee shall operate the Franchised Business in strict conformity with such methods, procedures, standards, and specifications, as Franchisor may prescribe from time to time in the Manuals or otherwise in writing. Franchisee further covenants and agrees that:

11.2.1 Franchisee shall use the Center solely for the operation of the Franchised Business, shall keep the Center open and in normal operation for such minimum hours and days as Franchisor may from time to time specify or approve in writing, and shall refrain from using or permitting the use of the Center premises for any other purpose or activity at any time without the express prior written consent of Franchisor.

11.2.2 Franchisee shall install and use in and about the Center only such equipment, fixtures, furnishings, interior and exterior signs, and other items as strictly conform to the standards and specifications for Precision Tune Auto Care Centers as set forth in the Manuals or otherwise in writing and revised by Franchisor from time to time.

11.2.3 Franchisee shall maintain the Center premises and all adjacent areas in good, clean, attractive and safe condition at all times. Franchisee shall, at its expense, undertake all maintenance and make all repairs, replacements, alterations, and additions as may be required for that purpose, including, without limitation, periodic cleaning, repainting, repairs, and replacement of obsolete signs, equipment, fixtures, and furnishings as Franchisor may reasonably require.

11.2.4 Franchisee must offer and sell from the Center all mandatory services and products required by Franchisor; it may offer and sell from the Center any optional services and products approved by Franchisor, and it shall not offer or sell any prohibited or other services or products of any kind or character without the express prior written consent of Franchisor. Franchisee shall discontinue offering any services or products (whether or not previously authorized by Franchisor), promptly, upon notice from Franchisor. As used in this Section 11.2.4, services and products may be designated by the brand name as well as the service or product itself. By way of example but not limitation, brake service may be mandatory and the use of certain brands of brake pads or rotors may be mandatory, certain brands may be optional and other brands may be prohibited. Franchisor may prescribe from time to time in the Manuals or otherwise in writing the mandatory, optional and prohibited services and products.

11.2.5 In offering and selling services and products to customers, Franchisee shall use only the standard service order, warranty and other forms approved by Franchisor and no other forms or documents, except with the express prior written permission of Franchisor.

11.2.6 Franchisee must purchase or lease all equipment, inventory, supplies, tools, and other products and materials (collectively, the “items”) required for the operation of, or used in the Franchised Business solely from suppliers approved by Franchisor from time to time. The suppliers may include Franchisor and its affiliates and Franchisee agrees to use commercially reasonable efforts to utilize our affiliates as the primary supplier of items where our affiliates are competitive in terms of price and service compared with the same or similar items available from other qualified suppliers. For some items, Franchisor or its affiliates may be the sole supplier, as Franchisor designates; provides, however, that such items are competitive in terms of price and service compared with the same or similar items available from other qualified suppliers. Suppliers of all items must demonstrate (including distributors, manufacturers, and other sources) who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor’s reasonable standards and specifications for such items; who possess adequate quality control and capacity to meet Franchisee’s needs promptly and reliably and who have been approved in writing by Franchisor and not thereafter disapproved. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee or the supplier shall submit to Franchisor a written request for approval. Franchisor’s approval shall not be unreasonably withheld. Franchisor reserves the right to require that its representatives be permitted to inspect the supplier’s facilities and that samples from the supplier be delivered to Franchisor or its designee for testing. Franchisor may impose a charge not to exceed the reasonable costs of inspection and testing, which shall be paid by Franchisee or the supplier. Franchisor reserves the right from time to time to reinspect the facilities and products of any previously approved supplier and to revoke its approval upon the supplier’s failure to continue to meet any of Franchisor’s standards and specifications.

11.2.7 If Franchisee obtains services from third-party providers, Franchisor may review the terms and conditions of such arrangements and require additional information about the business background and qualifications of the providers, including (at Franchisor’s option) personal interviews with individuals providing such services. If, in providing services to Franchisee, any third party may obtain access to confidential information as defined herein, Franchisor may require, as a condition of approval of such provider, the execution of covenants of confidentiality and non-disclosure in a form satisfactory to Franchisor. Franchisor may disapprove any provider who does not demonstrate, to Franchisor’s continuing satisfaction, an ability to comply with the methods, procedures and standards established for the System and set forth in the Manuals or otherwise in writing and to meet Franchisee’s needs promptly and reliably.

11.2.8 Franchisee shall maintain at all times such minimum stock levels of inventory, parts, and supplies, including certain brands,- as Franchisor may prescribe from time to time in the Manuals or otherwise in writing.

11.2.9 Franchisee shall use and display sales, marketing, and promotional materials provided by Franchisor from time to time, in the manner and for the time periods designated by Franchisor. Franchisee shall ensure that all service orders, stationery, signs, and other printed materials used in connection with the Franchised Business bear the Marks in the form, colors, location and manner prescribed by Franchisor and otherwise comply with the standards and specifications prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

11.2.10 Franchisee shall hire and maintain a competent, conscientious, trained staff, including a manager and fully certified full-time technicians, as required in the Manuals, and shall take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such codes for dress and appearance, as Franchisee may prescribe.

11.2.11 Franchisee shall permit Franchisor or its agents to enter and inspect the Center's premises at any reasonable time. Franchisee shall cooperate fully with Franchisor and its agents in such inspections and render such assistance as they may reasonably request. Immediately upon notice of any deficiencies detected in such inspections by Franchisor or its agents, Franchisee shall take such steps as may be necessary to correct such deficiencies, including the temporary closing of the Center, if so directed by Franchisor. Without limiting Franchisor's other rights and remedies, Franchisor shall have the right, if Franchisee fails or refuses to act promptly, to make or cause to be made such corrections, as may be required, and to collect the costs and expenses of correction from Franchisee.

11.2.12 At Franchisor's request, (excepting a transfer or sale of the Center by Franchisee), which shall not be more often than once every 5 years, Franchisee, at its expense, shall refurbish the Center to conform to the building design, trade dress, color schemes, and presentation then being used in connection with new Precision Tune Auto Care Centers. Such refurbishment may include, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements.

11.2.13 If Franchisee occupies the Center premises under a lease and if the lease expires and Franchisee, through no fault of its own, is unable to renew the lease, Franchisee may relocate the Franchised Business, provided that Franchisee, at least 30 days before vacating the Center, shall notify Franchisor in writing of its desire to relocate and shall execute and be bound by the terms and conditions of the then current form of Schedule 1.3.

11.2.14 Franchisee agrees to be bound by the warranty terms and conditions established, and from time to time revised, by Franchisor for all Precision Tune Auto Care franchisees. Franchisee further agrees to participate in the warranty reciprocity program and to accept and abide by requirements and limits on warranty compensation as established, and from time to time revised, by Franchisor for all Precision Tune Auto Care franchisees.

11.2.15 Franchisee shall not engage or cooperate in any conduct that reflects unfavorably on the reputation of Franchisee, Franchisor, or the System or impairs the goodwill associated with the Marks, including conduct which jeopardizes Franchisee's good relations with customers and creditors of the Franchised Business, or which constitutes a deceptive or unfair trade practice or otherwise violates applicable law or regulations.

11.3 Franchisee, at Franchisee's cost, shall install, maintain, and use such computer hardware and software systems (including point-of-sale, electronic cash register, or other systems) in accordance with Franchisor's standards and specifications. Franchisee shall permit Franchisor to access and retrieve by telecommunication any information stored on the point-of-sale system (or other computer hardware and software) that Franchisee is required to utilize at the Center as specified by Franchisor, thereby permitting Franchisor to inspect and monitor electronically based information concerning Franchisee's Center, gross sales and such other information as may be contained or stored in such equipment and software. Accordingly, Franchisee shall install and maintain a broadband connection and access to remote desktop in accordance with Franchisor's specifications to permit Franchisor to access by telephone the point-of-sale system (or other computer hardware and software) Franchisee is required to utilize at the Center as specified in the Manuals. Franchisor shall have telephone access as provided herein or in the Manuals at such times and in such manner as Franchisor shall from time to time specify. It shall be a material default under this Agreement if Franchisee fails to maintain such equipment and lines in operation and accessible to Franchisor at all times throughout the term of this Agreement.

11.3.1 Franchisor may charge Franchisee its then-current fee for providing support (including the cost of any Help Desk support, if such is provided by Franchisor) for any electronic cash

register or computer system, and Franchisee shall execute such additional support agreements and other documents that Franchisor shall require. Upon installation of the point-of-sale or other computer system, Franchisee shall pay the pro rata portion of the support fee due.

11.3.2 Franchisee shall enter into and maintain a software license agreement with Franchisor or a supplier approved from time to time by Franchisor for the license and support of certain proprietary computer software used in the operation of the Center.

11.3.3 If requested by Franchisor, Franchisee will install and maintain at the Center a fax machine with a dedicated phone line, a computer with a modem connected to a dedicated phone line, a subscription to an internet service provider and an e-mail address (which shall not include the Marks as part of the e-mail address).

## SECTION XII. ACCOUNTING AND RECORDKEEPING

12.1 Franchisee shall maintain during the term of this Agreement, and shall preserve for at least 3 years after the dates of their preparation, full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor in the Manuals or otherwise in writing from time to time, and such other information Franchisor requires, including records of EFT transactions, and backup or archived records of information maintained on any computer system.

12.2 Franchisee shall submit to Franchisor each week during the term of this Agreement beginning after the opening of the Center, a remittance report, in the form prescribed by Franchisor, accurately reflecting all gross sales during the preceding week (Monday through Sunday), together with such other data or information (including customer data) as Franchisor may require, and such remittance report shall be received by Franchisor on or before the due date. Such remittance report shall be transmitted in the method and manner, and shall contain such information as Franchisor may specify.

12.3 Franchisee shall install and use such point-of-sale computer programs and equipment as Franchisor may designate for the operation of the Franchised Business and shall comply with Franchisor's instructions concerning the maintenance and transmittal of data and reports generated from such systems.

12.4 Within ninety (90) days after the end of each fiscal year of Franchisee, Franchisee, at its expense, shall submit to Franchisor a financial statement consisting of a profit-and-loss statement showing the results of operations of the Franchised Business during the fiscal year and a balance sheet (both in form acceptable to Franchisor), as of the end of the fiscal year. Each financial statement shall be accompanied by a sworn statement signed by Franchisee attesting that the items contained therein, are true and accurate. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, statements, information, and data, as Franchisor may reasonably require, in the form and at the times and places, reasonably specified by Franchisor. Franchisee agrees that all financial and business data submitted by Franchisee to Franchisor may be used by Franchisor as it deems appropriate; however, information designated by Franchisee as confidential will not be disclosed to third parties in a manner that identifies Franchisee as the subject or source of the information except (i) with Franchisee's permission, (ii) as may be required by law, or (iii) in connection with audits or collections under this Agreement.

12.5 Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Franchised Business. Franchisee agrees to execute, at Franchisor's request, a power of attorney, or similar documents to authorize Franchisor to obtain copies of Franchised Business' previous years' tax filings. Franchisor shall

also have the right, at any time, to have an independent audit made of the books of the Franchised Business. If an examination or audit reveals that gross sales of Franchisee were understated by three percent (3%) or more during the period audited, Franchisee shall reimburse Franchisor all fees owed plus interest at eighteen percent (18%) or the highest rate of interest allowed and all costs and expenses in connection with the audit. The foregoing remedies shall be in addition to any other remedies available to Franchisor.

12.6 Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Center. Franchisee authorizes Franchisor to disclose data from Franchisee's reports, if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

### SECTION XIII. PROMOTION AND MARKETING

13.1 Commencing as of the date when the Center opens for business, and continuing throughout the initial term of this Agreement, Franchisee shall either pay to Franchisor or its designee or spend as directed by Franchisor, in accordance with this Section, advertising fees equal to nine percent (9%) of the weekly gross sales of the Franchised Business, but not less than \$360 per week. From time to time Franchisor, in its sole discretion, may create an annual maximum dollar amount that when paid by the Franchisee will not require further payments into the advertising funds for that year. This maximum dollar amount may be adjusted or removed annually, prior to the start of Franchisor's fiscal year. At any time and from time to time, Franchisor may direct Franchisee to pay all or any part of such advertising fee to one or more advertising funds organized under the System or may otherwise place conditions upon the use or payment of such fees.

13.2 Franchisee shall contribute or expend for advertising, promotion, and marketing purposes, allocated as follows:

13.2.1 If a national advertising fund ("National Fund") is established at any time or from time to time under the System, Franchisee shall contribute an amount designated by Franchisor, but not to exceed nine percent (9%) of weekly gross sales, to the National Fund. See Section 13.1 regarding an annual maximum dollar amount that may be established at Franchisor's sole discretion. Franchisee acknowledges that the current fee payable to the National Fund is 1.5% of weekly gross sales, but not less than \$60 per week.

13.2.2 If both a National Fund and a regional advertising fund ("Regional Fund") for the region in which the Franchised Business is located are established, Franchisee shall contribute such amounts as Franchisor may designate from time to time to each fund, but not to exceed a total of nine percent (9%) of weekly gross sales for both.

13.2.3 If both a National Fund, a Regional Fund for Franchisee's region, and a local advertising cooperative ("Cooperative") in Franchisee's area are established, Franchisee shall contribute to each fund such amounts as Franchisor may designate from time to time, but not to exceed a total of nine percent (9%) of weekly gross sales for all.

13.2.4 If at any time Franchisee's total required contribution to a National Fund, a Regional Fund and/or a Cooperative is less than nine percent (9%) of weekly gross sales, Franchisee shall allocate the remaining amount for local advertising and promotion. All amounts allocated for local advertising and promotion shall be actually expended for such purpose within twelve (12) weeks after

being allocated. Franchisee shall provide written confirmation of such expenditures as Franchisor may reasonably require.

13.3 Franchisee agrees that Franchisor shall have the right, in its sole discretion to establish a National Fund and any number of Regional Funds (collectively, the “Funds”), to be maintained and administered by Franchisor and/or its designees as follows:

13.3.1 Franchisor shall direct all advertising, promotional, and marketing programs with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of all Precision Tune Auto Care franchisees, and that Franchisor and its designees are not obligated in administering the Funds to make expenditures for Franchisee which are equivalent or proportionate to Franchisee’s contribution, or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures by the Funds.

13.3.2 The Funds, all contributions thereto, and any earnings thereon shall be used to meet any and all costs of maintaining, administering, researching, directing, and preparing advertising, promotional and marketing activities (including, among other things, the cost of creating, producing, placing, and conducting television, radio, and print advertising campaigns; creating, producing and distributing promotional materials for use on and off the Center premises, including signs and posters, direct mail, promotional brochures, and outdoor billboard advertising; marketing surveys and research; public relations activities; and employing advertising agencies and consultants to assist therein).

13.3.3 Franchisee shall contribute to the National Fund and any Regional Fund for Franchisee’s region by EFT as provided in Section 4.3 or by separate checks made payable to each Fund, as designated by Franchisor. All sums paid into the Funds shall be kept in accounts separate from the other monies of Franchisor and shall be used to defray any of Franchisor’s administrative costs and overhead as Franchisor may incur in activities related to the administration and direction of the Funds and advertising programs for franchisees and the System. Franchisor or its designees shall maintain separate bookkeeping accounts for the Funds.

13.3.4 It is anticipated that all contributions to and earnings of the Funds will be expended for the purposes described above during the taxable year in which the contributions and earnings are received. If, however, excess amounts remain in any Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. No Fund is or shall be an asset of Franchisor. A statement of the operations of each Fund as shown on its books will be prepared annually by an independent certified public accountant selected by Franchisor and will be made available to each franchisee. Although each Fund is intended to be of perpetual duration, Franchisor may terminate any Fund at any time. No Fund shall be terminated, however, until all monies in the Fund have been expended for the purposes described or returned to contributors on a prorated basis of their contributions. The Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above. Franchisee agrees and acknowledges that Franchisor has no fiduciary duty whatsoever to Franchisee, or any other franchisees, or their respective principals with regard to the operation or administration of the Fund.

13.4 Franchisee agrees that Franchisor may, in its sole discretion, designate any geographical area (whose borders may be changed from time to time) for the purposes of establishing a Cooperative. If a Cooperative has been established for the local area in which the Center is located at the time Franchisee commences operations (or otherwise becomes subject to paying advertising fees), Franchisee shall immediately become a member of such Cooperative and shall execute an advertising cooperative

agreement in a form satisfactory to Franchisor. If a Cooperative in Franchisee's local area is established or reestablished at any later time, Franchisee shall become a member of such Cooperative by executing the appropriate advertising cooperative agreement no later than 30 days after the date on which the Cooperative commences. In no event shall Franchisee be required to be a member of more than one Cooperative at one time for each location. The following requirements shall apply to each Cooperative:

13.4.1 Each Cooperative shall be organized and governed in a form and manner, and shall commence on a date, approved in advance by Franchisor in writing. Each Cooperative shall be organized for the exclusive purpose of placing advertising and administering local advertising programs in accordance with plans previously approved by Franchisor. The members of a Cooperative may agree to contribute amounts in excess of the minimum designated by Franchisor, and new Franchisees joining the Cooperative shall be bound by such prior agreements. Each Cooperative shall collect, disburse, and account for monies received in accordance with written requirements and standards established by Franchisor.

13.4.2 Franchisor, in its sole discretion, may grant to any Precision Tune Auto Care Center franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request shall be final. Any exemption from Cooperative membership will be subject to the condition that the franchisee expends on approved local advertising any amounts that would have otherwise been paid into the Cooperative.

13.4.3 All promotional and marketing activities conducted by Franchisee in its local market area shall be subject to the prior approval of Franchisor. Franchisee shall submit to Franchisor (by personal delivery or certified mail, return receipt requested) for its prior approval (except with respect to prices to be charged) all local advertising, promotional and marketing plans and samples of all local advertising materials not prepared or previously approved by Franchisor or its designated agents. If written disapproval thereof is not received by Franchisee within fifteen (15) business days after the date of receipt by Franchisor, such plans and materials shall be deemed approved. If any plans or materials previously approved by Franchisor are later disapproved, Franchisee shall discontinue their use promptly upon notice from Franchisor.

13.5 Franchisee agrees to honor coupons and price promotions issued or authorized by Franchisor unless Franchisee has posted a conspicuous sign on its premises and includes in its local advertising a statement that Franchisee will not honor such coupons or price promotions.

13.6 During a four-week period before and after the opening of the Center, Franchisee shall conduct opening advertising and promotions using materials and media previously approved by Franchisor for such use. Franchisee shall be required to expend on opening advertising and promotion an amount to be determined in consultation with Franchisor. The required expenditure shall be not less than Three Thousand Dollars (\$3,000).

#### SECTION XIV. INSURANCE

14.1 Franchisee shall acquire and maintain, at its own expense and throughout the term of the Agreement, insurance with an insurance company with an A.M. Best's rating of "A" and an A.M. Best's class rating of XIV. Such insurance shall:

14.1.1 Be acceptable to Franchisor.

14.1.2 Name the Indemnitees identified in Section 21.2 as Additional Insureds and provide that the liability coverage afforded applies separately to each Insured against whom claim is brought as though a separate policy had been issued to each Insured.

14.1.3 Provide types and limits of coverages as specified by Franchisor from time to time in the Manuals or otherwise in writing, including Property Insurance; Public Liability Insurance to include Products and Completed Operations and Personal Injury Protection; Garage Liability and Garage Keepers Legal Liability, and workers' compensation, unemployment compensation, disability, social security and other insurance coverages as required from time to time by any applicable law.

14.1.4 Contain no provision which in any way limits or reduces coverage for Franchisee in the event of a claim by any one or more of the Indemnitees.

14.1.5 Extend to and provide indemnity for all obligations assumed by Franchisee hereunder and all other items for which Franchisee is required to indemnify Franchisor under the provisions of this Agreement.

14.1.6 Be in amounts and forms and with a carrier or carriers satisfactory to Franchisor, but in no event in an amount less than Two Million Dollars per occurrence; Two Million Dollars aggregate.

14.1.7 Provide, by endorsement, that Franchisor is entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy.

14.2 Franchisee shall not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend said policy without Franchisor's prior written consent.

14.3 As proof of such insurance, a certificate of insurance shall be submitted by Franchisee for Franchisor's approval prior to Franchisee's commencement of operations under this Agreement and upon each renewal or change of Franchisee's insurance policy. Upon request, Franchisee shall deliver to Franchisor or its agent a complete copy of Franchisee's then-prevailing policy of insurance at any time during or after the term of this Agreement.

14.4 In the event of a claim by any one or more of the Indemnitees (defined in Section 21.2) against Franchisee, Franchisee shall, on request of Franchisor, assign to Franchisor any and all rights which Franchisee then has or thereafter may have with respect to such claim against the insurer(s) providing the coverages described in this Section XIV.

14.5 Franchisee shall promptly notify Franchisor of any action, suit, proceeding, claim, demand, inquiry or investigation as required in this Agreement. If Franchisor is or may be named as a party in any such action, Franchisor may elect (but under no circumstances shall be obligated) to undertake the defense and/or settlement thereof. No such undertaking by Franchisor shall, in any manner or form, diminish Franchisee's obligation to indemnify Franchisor and to hold it harmless.

14.6 Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss shall in no way reduce the amounts recoverable by the Indemnitees from Franchisee.

## SECTION XV. DEFAULT AND TERMINATION

15.1 Except as otherwise required or prohibited under applicable statute, Franchisee shall be deemed to be in default, and Franchisor at its option may terminate this Agreement and all rights granted Franchisee hereunder, effective immediately upon notice to Franchisee and without affording Franchisee any opportunity to cure the default, upon the occurrence of any of the following events:

15.1.1 Franchisee fails to secure an acceptable site or fails to commence construction or remodeling of the Center, or fails to open the Center for business within the time periods specified in Schedule 1.3.

15.1.2 Franchisee, without Franchisor's prior written consent, ceases to operate or otherwise abandons the Franchised Business, ceases to operated the Franchised Business under marks other than the Proprietary Marks, loses the right to possession of the Center premises, or forfeits the legal right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain or if, through no fault of Franchisee, the premises are damaged or destroyed, then Franchisee shall be entitled, within 30 days after such event, to apply for Franchisor's consent to relocate or reconstruct the premises, which consent shall not be unreasonably withheld.

15.1.3 Franchisee fails to pay, or admits its inability to pay, its debts as they become due; becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by or against Franchisee or other proceeding for the appointment of a receiver and is not dismissed in 30 days or if Franchisee possesses or abuses alcohol or any illegal drug or substance during the performance of Franchisee's duties and obligations under the Agreement, and Franchisor, in its sole judgment, determines that such possession or abuse impacts unfavorably on Franchisee, Franchisor, or the System.

15.1.4 Franchisee (or, if Franchisee is an entity organized to operate the Franchised Business, any principal of Franchisee) is convicted of a felony, a crime involving fraud or moral turpitude, or found liable in a civil claim for fraud or any unfair or deceptive act or practice that may affect Franchisee's ability to operate the Franchised Business.

15.1.5 A threat or danger to the public health or safety results from the maintenance or operation of the Franchised Business.

15.1.6 Franchisee's shareholders or other parties owning an interest in this Agreement or the Franchised Business attempt to transfer control or a majority interest in the Franchised Business or Agreement without the Franchisor's written consent.

15.1.7 Franchisee or its designee fails to attend and complete, to Franchisor's satisfaction, the initial franchise management training program required by Franchisor, as provided in Section 10.2.

15.1.8 Franchisee discloses any confidential or proprietary information provided by Franchisor.

15.1.9 An approved transfer is not effected within the required time, as required under Section 16.3, following Franchisee's death or mental incapacity.

15.1.10 Franchisee knowingly maintains false books or records, submits false reports to Franchisor, or Franchisee makes any material false statements to Franchisor in connection with its application for the franchise.

15.1.11 Franchisee repeatedly fails to pay its financial obligations on a timely basis.

15.1.12 Franchisee repeatedly is in default of the requirements imposed under this Agreement, whether or not cured after notice.

15.1.13 As determined solely by Franchisor, a significant number of valid customer complaints have been made about the Franchised Business, which Franchisee has failed to reasonably resolve.

15.2 Except as otherwise prohibited or required under applicable statute, if Franchisee fails, refuses, or neglects to promptly pay when due any operating or advertising fees or any other amounts owing to Franchisor, its subsidiaries, affiliates, or divisions arising out of this Agreement or relating to the Franchised Business, or fails to report its weekly gross sales, Franchisee shall have 10 days after receipt from Franchisor of written notice within which to cure such default. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, immediately, upon the expiration of said period.

15.3 Except as previously provided and except as otherwise prohibited or required under applicable statute, Franchisee shall have 30 days after receipt from Franchisor of written notice within which to remedy any default hereunder and provide evidence thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee immediately upon the expiration of said period. Such defaults include, without limitation, the occurrence of the following events:

15.3.1 Failure to pay when due any fee, sum, charge or account owing to Franchisor or its affiliates or subsidiaries;

15.3.2 Failure to maintain any of the standards or procedures prescribed by this Agreement or the Manuals;

15.3.3 Engaging in any illegal or fraudulent business practices; misuses or makes any unauthorized use of the Marks;

15.3.4 Failure to obtain Franchisor's prior approval or consent, as required under this Agreement;

15.3.5 Selling or offering for sale at the Franchised Business any unapproved service or product;

15.3.6 Engaging in, at the Franchised Business location premises, any business or commercial venture other than that permitted under this Agreement.

15.4 Franchisee may not terminate this Agreement prior to the expiration of its term except (1) through legal process resulting from Franchisor's material, uncured breach of this Agreement or (2) with Franchisor's written consent. If Franchisee claims that Franchisor has breached any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim, within one year of its occurrence, specifically enumerating all alleged breaches and providing Franchisor with the opportunity to cure, which shall in no event be less than 30 days from the date of receipt of such notice by Franchisor from Franchisee. Failure to give such notice shall constitute a waiver of any such alleged default.

## SECTION XVI. TRANSFER OF INTEREST

16.1 Franchisee understands and acknowledges that the rights and duties of Franchisee set forth in this Agreement are personal to Franchisee and that Franchisor has granted this franchise in reliance on the business skill, financial capacity, and personal character of Franchisee and Franchisee's principals. Accordingly, Franchisee shall promptly advise Franchisor of any change in ownership. Further, Franchisee agrees that Franchisor's express prior written consent shall be a necessary condition precedent to the sale, assignment, transfer, conveyance, gift, pledge, mortgage, encumbrance, or hypothecation of any direct or indirect majority interest (whether in a single transaction or/as the result of a series of transactions) in this Agreement, the Franchised Business, the Franchisee, or all or substantially all of the assets of the Franchised Business. Except as specifically provided in this Section, any purported assignment or transfer, by operation of law or otherwise, not having the express prior written consent of Franchisor, shall be null and void and of no effect on Franchisor and shall constitute a material breach of this Agreement. Franchisor's prior written consent shall not be required for transfer of an interest in a publicly held corporation. As used in this Agreement, the term "publicly held corporation" means a corporation issuing securities, registered under the Securities Exchange Act of 1934. Franchisee acknowledges and agrees that each condition required to be met by a proposed transferee hereunder is necessary to assure the transferee's full performance of its obligations as "Franchisee" hereunder.

16.2 If Franchisee is an individual or partnership, Franchisee shall be entitled to transfer the Agreement, Franchised Business and Franchisee's interest in this Agreement to an entity formed for convenience of ownership. Franchisor will charge no transfer fee for the first such transfer; however, Franchisor's consent to any such transfer shall be subject to the following conditions: Franchisee shall be the majority interest holder of the voting stock in the entity, and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the entity as he or she had in Franchisee prior to the transfer. Franchisee shall also comply with the terms and conditions set forth for franchisee entities under Section VI.

16.3 Within 6 months after the death or mental incapacity of Franchisee (or, if Franchisee is an entity organized to operate the Franchised Business, a principal of Franchisee), the executor, administrator, or personal representative of such person shall transfer that person's interest to a third party approved by Franchisor. All such transfers shall be subject to the same conditions as any inter vivos transfer; however, no transfer fee will be charged in the case of a transfer by devise or inheritance. If the heirs or beneficiaries of the deceased or mentally incapacitated Franchisee do not meet the approval of Franchisor, then the executor or other personal representative shall promptly, but in no event more than sixty (60) days later, cause this Agreement to be transferred to such person or persons who are acceptable to Franchisor. All such persons or entities to which this Agreement is transferred must agree to undertake the prescribed training to operate the Franchised Business, as required by the Franchisor.

16.4 Any person ("seller") who receives and desires to accept a bona fide offer from a third party to purchase all or part of the seller's interest in Franchisee, this Agreement, or the Franchise Business shall notify Franchisor in writing within 5 business days of receipt of each such offer. Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notice, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. To enable Franchisor to determine whether it will exercise its option, Franchisee and the seller shall provide such information and documentation, including financial statements, as Franchisor may reasonably require. If the consideration, terms, or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same, Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, Franchisor and Franchisee shall appoint an independent appraiser, whose determination shall be binding on both parties. If Franchisor does not exercise its option as provided hereunder, the seller may sell the interest, subject to Franchisor's consent, as otherwise required. Any material change in the terms of any offer prior to closing constitutes a new offer, subject to the same rights of first refusal by Franchisor, as in the case of an initial offer. Any

right and option to purchase the seller's interest that is not exercised by Franchisor within the 30-day period shall become void and invalid, and any new offer shall be subject to this Section 16.4. Any offer to sell not accepted within 90 days shall become void and invalid and any new offer shall be subject to this Section 16.4.

16.5 Franchisor shall not unreasonably withhold its consent to a transfer of a majority interest in Franchisee, this Agreement, or in the Franchised Business, whether in a single transaction or as the result of a series of transactions; provided, however, that Franchisor may, in its sole discretion, require any or all of the following as conditions for its approval:

16.5.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries, affiliates and divisions and all of Franchisee's obligations to Franchisee's Area Developer, if any, shall be satisfied.

16.5.2 Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment or successor Agreement, and all other Agreements between Franchisee and Franchisor, its subsidiaries, affiliates or divisions relating to the Location, and, at the time of transfer, shall not be in default.

16.5.3 If the transferor(s) guaranteed the obligations of Franchisee, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

16.5.4 Franchisee and the transferor(s) shall execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, the Area Developer, if any, and their shareholders, directors, officers, employees and agents and their affiliated, subsidiary and associated corporations and their officers, directors, shareholders, employees, and agents, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances.

16.5.5 The transferee (or, if the transferee is an entity organized to operate the Franchised Business, the principals of the transferee) shall demonstrate to Franchisor's satisfaction that transferee has the financial means and business ability to operate the Franchised Business to be transferred.

16.5.6 The transferee shall execute the current form of Agreement then being offered by Franchisor and such other ancillary agreements as Franchisor may require. Such agreements shall supersede the transferor's Agreement and ancillary agreements in all respects; provided, however, that no initial franchise fee shall be required and the term of transferee's franchise agreement shall be the unexpired term of transferor's Agreement.

16.5.7 Franchisee shall furnish to Franchisor an Agreement and Contingent Assignment of Lease (Schedule 3.1.1) executed by Franchisee and the Lessor (including a copy of the executed lease and/or lease renewals/assignments).

16.5.8 If requested by Franchisor, the transferee must make or commit to provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Center premises as Franchisor may reasonably require to reflect the then-current standards and image of the System.

16.5.9 The transferee must complete, and/or cause its employees to complete, to Franchisor's satisfaction, such initial and refresher training, as Franchisor may require, and the transferee shall attain within the time limits set by Franchisor, and maintain thereafter, full technical certification for the operation of the Franchised Business.

16.5.10 Franchisee and the transferor(s) must remain liable for all obligations to Franchisor, its subsidiaries, affiliates, and divisions, in connection with the Franchised Business for the current term of this Franchise Agreement (but not any extensions or renewals thereof) and shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

16.5.11 Notwithstanding the terms outlined in this section, where the Franchisor's express written consent is needed, it shall not be unreasonably withheld.

16.6 Franchisee or the transferee shall pay the Franchisor a nonrefundable transfer fee to compensate Franchisor for its costs and expenses for such a transfer:

16.6.1 A fee of Two Thousand Dollars (\$2,000) for the transfer of a controlling interest to (i) a person whose full-time occupation during the two (2) years immediately preceding the proposed transfer has been serving as the manager or fully certified lead technician of the Franchised Business, or (ii) a current Precision Tune Auto Care franchisee who has satisfied all obligations and substantially complied with all material requirements under its Agreements with Franchisor, its subsidiaries, affiliates, and divisions up to and including the time of the proposed transfer.

16.6.2 A fee of Ten Thousand Dollars (\$10,000) for any other transfer of a controlling interest to a person other than those specified in Section 16.6.1.

16.7 If Franchisee desires to make a securities offering in Franchisee or the Franchised Business, by private offering or otherwise, Franchisee shall submit to Franchisor all materials required for such offering by federal or state law for review prior to their use or filing with any government agency, and any materials to be used in any offering exempt from federal or state securities laws shall be submitted for review prior to their use. No such offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in underwriting, issuing or offering securities of Franchisee. Review by Franchisor of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering shall fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall pay Franchisor a nonrefundable fee of Five Thousand Dollars (\$5,000) to compensate Franchisor for its reasonable costs and expenses (including without limitation legal and accounting fees) associated with reviewing the proposed offering. Franchisee shall give Franchisor written notice at least 30 business days prior to the date of commencement of any offering subject to this Section 16.7.

16.8 Neither Franchisor's consent to any proposed transfer nor Franchisor's failure to exercise its option to purchase any interest of a seller shall be deemed to constitute a waiver of any claims Franchisor may have against any transferor, any right to demand exact compliance with any terms of this Agreement by any transferor or transferee, any future rights or options of Franchisor, or any provision of this Agreement.

16.9 This Agreement shall inure to the benefit of Franchisor, its successors, and assigns, and Franchisor may transfer and assign all or any part of its interest herein to any person or legal entity.

## SECTION XVII. OBLIGATIONS UPON TERMINATION OR EXPIRATION

17.1 Upon the expiration or termination of this Agreement for any reason, all of Franchisee's rights hereunder shall terminate. In particular, and without limiting the foregoing, Franchisee shall:

17.1.1 Immediately cease to operate the Franchised Business, no longer represent itself as a current or former franchisee of Franchisor, and immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, or techniques associated with the System, all Marks and all signs, advertising materials, displays, stationery, forms, and any other Sections that display any of the Marks, or anything similar thereto, including but not limited to “Precision”, “Precision Tune”, or “Precision Tune Auto Care”.

17.1.2 Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the name “PRECISION TUNE AUTO CARE”, and submit to Franchisor proof of compliance with this obligation within 30 days after termination or expiration of this Agreement.

17.1.3 Transfer to Franchisor or Franchisor’s nominee each telephone number and telephone listing for the Franchised Business.

17.1.4 Immediately deliver to Franchisor or its designee, and retain no copies of, Manuals used in the operation of the Franchised Business, and all other materials (including customer data) relating to operation of the Franchised Business, except Franchisee’s copy of this Agreement and such documents as Franchisee reasonably needs for compliance with any provision of law.

17.1.5 Promptly pay all sums owing to Franchisor, its subsidiaries, affiliates and divisions, and in the event of termination, these sums shall include, but are not limited to, an amount (“Future Lost Profits”) equal to the number of weeks remaining through the Franchisee’s then-current term (“Remaining Weeks”) multiplied by the greater of (i) Three Hundred Dollars (\$300), or (ii) seven and one-half percent (7.5%) of gross sales per week. After calculating Future Lost Profits, this number shall be reduced by twenty percent (20%) to determine its present value. As described solely in this subparagraph, gross sales shall be determined based on calculating the average gross sales per week from the latest twenty-six (26) weeks of previously reported gross sales. The enforcement of this Section shall not constitute an election of remedies on the part of Franchisor and shall not preclude Franchisor from seeking any other damages to which it is entitled or seeking any other remedies available at law or in equity.

17.1.6 Comply with all requirements under this Agreement that expressly or by reasonable implication apply to Franchisee’s conduct after termination or expiration, including the restrictive covenants discussed herein.

17.2 In the event of any default by Franchisee under this Agreement, Franchisee shall pay Franchisor all costs and expenses, including reasonable legal and accounting fees, incurred by Franchisor in connection with obtaining damages or injunctive or other relief for the enforcement of any provisions of this Agreement or for the defense of any unsuccessful action or counter claim made by Franchisee. The foregoing shall apply whether or not suit is filed and shall include legal fees incurred at the trial level and, if applicable, at the appellate level.

17.3 At Franchisor’s option given within 30 days following termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee any interest that Franchisee has in any lease or sublease for the Location. If Franchisor does not exercise this option, without prejudice to Franchisor’s other rights and without waiver of Franchisee’s other duties and obligations, Franchisee shall make such modifications or alterations to the interior and exterior of the Center premises (including, without limitation repainting and changing the telephone number) as Franchisor may deem necessary to prevent confusion, mistake, or deception, if the premises are thereafter used by Franchisee or others. If Franchisee fails or refuses to comply with these requirements, Franchisor may enter upon the premises, where the Franchised Business was conducted, for the purpose of making or causing to be made such changes, as may be required, at Franchisee’s expense, which Franchisee agrees to pay upon demand.

Franchisee agrees that such entry and action by Franchisor or its agents shall not constitute trespass or any other offense, and Franchisee shall indemnify Franchisor and its agents against any claims by others relating to such entry and action.

17.4 Within fifteen (15) days after the date of termination or expiration of this Agreement, Franchisor may arrange for an inventory, at Franchisor's cost, of all personal property, fixtures, equipment, supplies, and inventory located at the premises or used in connection with the Franchised Business, including, without limitation, any and all items bearing the Marks. Franchisor shall have the option, exercisable within thirty (30) days after termination or expiration, to purchase any or all such items from Franchisee at Franchisee's cost or the fair market value, whichever is less. If the parties cannot agree on value within a reasonable time, Franchisor may designate an independent appraiser, whose determination shall be binding. If Franchisor elects to exercise any option to purchase hereunder, it may set off all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any, against any payment for items purchased.

17.5 Default under or termination of this Agreement shall not constitute a default under and cause for termination of any other agreement between Franchisee and Franchisor related to the Franchised Business. It will not terminate any other franchise agreements between Franchisor and Franchisee as to any other center.

17.6 Termination or expiration of this Agreement shall not affect the right of Franchisor to conduct audits of the Franchised Business or to collect monies owed under this Agreement prior to or as a result of the termination or expiration.

#### SECTION XVIII. RESTRICTIVE COVENANTS

18.1 During the term of this Agreement and for a period of one year thereafter, Franchisee covenants that Franchisee and each holder of 5% or more of a beneficial interest in Franchisee (each, a "Controlling Principal") shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, divert or attempt to divert any business, opportunity or customer of the Franchised Business or any other franchisee to any competitor. Further, Franchisee and the Controlling Principals covenant not to do or perform directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Marks or the System.

18.2 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable specialized training and confidential information, including, without limitation, information concerning the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. The following restrictions shall not apply to owners in interest of the Franchisee of less than a 5% beneficial interest or to the owners of shares in the outstanding equity securities of any publicly held corporation. Franchisee (and each Controlling Principal) covenants that they shall not, either directly or indirectly, or for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

18.2.1 During the term of this Agreement, except as otherwise approved in writing by Franchisor, own, maintain, operate, engage in, be employed by, or have any interest in any business similar to the Franchised Business (except pursuant to other franchise, development or area agreements between Franchisee and Franchisor).

18.2.2 For a period of 2 years after the termination, transfer or expiration of this Agreement, own, maintain, operate, engage in, be employed by, or have any interest in any business similar to the Franchised Business and located within 5 miles of the boundary of the Assigned Area; and

- (i) within 5 miles of the boundary of the assigned area of any other Precision Tune Auto Care Center; or
- (ii) within 10 miles from the location of any other Precision Tune Auto Care Center, whichever is less.

18.3 Franchisee acknowledges that any failure to comply with the requirements of this Section will cause Franchisor irreparable injury, for which no adequate remedy at law may be available. Accordingly, Franchisee consents to the issuance of an order of specific performance, temporary restraining order, or preliminary or permanent injunction against violation by Franchisee, of the covenants.

18.4 Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the restrictive covenants in this Section XVIII. Franchisee shall pay all cost and expenses (including, without limitation, reasonable legal and accounting fees) incurred by Franchisor in connection with the enforcement of this Section XVIII.

18.5 At Franchisor's request, Franchisee shall obtain and deliver executed covenants similar to those set for Franchise in this Section XVIII from any or all persons who have or may have an ownership interest in Franchisee or in this Agreement or who receive or have access to training and other information under the System. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

18.6 The parties agree that each of the foregoing covenants shall be construed as independent of every other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XVIII is determined to be unreasonable or unenforceable by a court or tribunal having jurisdiction in an unappealable final decision to which the Franchisor is a party, Franchisee expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article XVIII.

18.7 Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 18 or any portion of any covenant, without Franchisee's consent, effective immediately upon receipt of written notice thereof; and Franchisee agrees to comply forthwith with any covenant as so reduced, which shall be fully enforceable notwithstanding the provisions of Section 24.2.

## SECTION XIX. TAXES, PERMITS, INDEBTEDNESS

19.1 Franchisee shall promptly pay when due all taxes levied or assessed, and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business.

19.2 Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business.

## SECTION XX. INDEPENDENT CONTRACTOR

20.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Franchisee shall hold

itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall exhibit a notice of that fact in a conspicuous place on the Center premises and on stationery, invoices, order forms, receipts and contracts and written or graphic materials, and on any vehicle used in connection with the Franchised Business, the content and form of which Franchisor reserves the right to specify.

20.2 It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or obligation in Franchisor's name.

## SECTION XXI. INDEMNIFICATION

21.1 As used in this Section XXI, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

21.2 Franchisee shall, at all times, defend, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its corporate affiliates, successors and assigns and the respective directors, officers, employees, agents and representatives of each, and Franchisee's Area Developer, if any, (collectively, the "Indemnitees") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) that arises out of or is based upon any of the following:

21.2.1 Franchisee's violation, breach or asserted violation or breach of any contract, federal, state or local law, regulation, rule, order, standard or directive, or of any industry standard.

21.2.2 Libel, slander or any other form of defamation by Franchisee.

21.2.3 Franchisee's violation or breach of any warranty, representation, this Agreement or obligation in this Agreement.

21.2.4 Acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

21.3 Franchisee shall promptly notify Franchisor of any action, suit, proceeding, claim, demand, inquiry or investigation as described in Section 21.2. If Franchisor is or may be named as a party in any such action, Franchisor may elect (but under no circumstances will be obligated) to undertake the defense and/or settlement thereof. No such undertaking by Franchisor shall, in any manner or form, diminish Franchisee's obligation to indemnify Franchisor and to hold it harmless.

21.4 With respect to any action, suit, proceeding, claim, demand, inquiry or investigation, Franchisor may, at any time and without notice, in order to protect persons or property or the reputation or goodwill of Franchisor or others, order, consent or agree to any settlement or take any remedial or corrective action as Franchisor deems expedient, if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

21.4.1 Any of the acts or circumstances enumerated in Section 21.2 have occurred; or

21.4.2. Any act, error, or omission of Franchisee may result directly or indirectly in damage, injury or harm to any person or any property.

21.5 All losses and expenses incurred under this Section XXI shall be chargeable to and paid by Franchisee pursuant to its obligations of indemnity hereunder, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense.

21.6 Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from Franchisee.

21.7 The Indemnitees assume no liability whatsoever for any acts, errors, or omissions of any persons with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnitees and each of them for all losses and expenses that may arise out of any acts, errors or omissions of such third parties with whom Franchisee may contract.

## SECTION XXII. APPROVAL AND WAIVERS

22.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be enforceable only if in writing.

22.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with any consent, or by reason of any neglect, delay, or denial of any request therefor.

22.3 No failure of Franchisor to exercise any power reserved to it under this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with any of the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or a different nature; nor shall any delay, forbearance, or omission by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement affect or impair Franchisor's rights; nor shall such constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

## SECTION XXIII. NOTICES

23.1 Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within 3 business days after transmission) to the respective parties at the addresses listed on the cover page to this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice shall be deemed to have been given and received at the time of personal delivery or, in the case of facsimile, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, 3 business days after the date and time of mailing.

SECTION XXIV. ENTIRE AGREEMENT; MODIFICATIONS

24.1 This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior agreements.

24.2 Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

SECTION XXV. SEVERABILITY AND CONSTRUCTION

25.1 Except as expressly provided to the contrary herein, each portion, section, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, a portion, section, part, term and/or provision herein determined to be invalid and contrary to, or conflict with any existing or future law, regulation by a court or agency having valid jurisdiction, such invalidity or conflict shall not impair the operation of, or have any other effect upon such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereof; and said invalid portions, section, parts, and/or provisions shall be deemed not to be a part of this Agreement.

25.2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, and employees, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section XVI hereof, any rights or remedies under or by reason of this Agreement.

25.3 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

25.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable.

25.5 This Agreement shall be effective and binding on Franchisor only when executed on behalf of Franchisor by its president or a vice president.

SECTION XXVI. APPLICABLE LAW AND CHOICE OF VENUE AND FORUM

26.1 Franchisee hereby irrevocably submits to the jurisdiction of the state and the federal district courts in the county or judicial district in which the Franchisor's principal place of business is located. Franchisee hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee hereby agrees that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by appropriate state or federal law. Franchisee further agrees that exclusive venue for

any proceeding relating to or arising out of this Agreement shall be the county or judicial district in which the Franchisor's principal place of business is located; provided, however, with respect to any action (i) for monies owed, (ii) for injunctive or other extraordinary relief or (iii) involving possession or disposition of, or other relief relating to, the Center premises, Franchisor may bring such action in any state or federal district court which has jurisdiction.

26.2 With respect to all claims, controversies, disputes or actions related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions, shall be governed, enforced and interpreted under the laws of the Commonwealth of Virginia (without regard to choice of law rules); provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Virginia, then such provisions shall be interpreted and construed under the laws of the state in which the premises of the Franchised Business is located (if enforceable in that state).

26.3 Franchisee and Franchisor acknowledge that each party's agreement regarding applicable state law and forum set forth in Sections 26.1 and 26.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each party's agreement regarding applicable state law and choice of forum has been negotiated for in good faith and are part of the benefit of the bargain reflected by this Agreement.

26.4 Franchisee and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred at Franchisor's principal place of business in Ashburn, Virginia, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur at Franchisor's principal place of business.

## SECTION XXVII. ACKNOWLEDGMENTS

27.1 Franchisee acknowledges that it has conducted an independent investigation of the Precision Tune Auto Care System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of the Franchisee, as an independent business. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

27.2 Franchisee hereby expressly warrants that it has no knowledge of any representation about the Franchised Business by Franchisor or its officers, directors, shareholders, employees, agents, or contractors, that is contrary to the terms of this Agreement or the documents referred to herein. Franchisee understands and acknowledges that Franchisor has made no representation that Franchisee will earn or is likely to earn a profit in excess of the initial consideration paid by Franchisee; and Franchisor has made no representation that it will buy back from Franchisee any products, supplies or equipment purchased by Franchisee in connection with the Franchised Business.

27.3 Franchisee acknowledges that it received a copy of the complete Agreement, the attachments thereto, and agreements relating thereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising at least ten (10) business days prior to the date on which this Agreement was executed.

27.4 Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and any agreements relating thereto, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisers of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement to include its attachments and related agreements.

**SIGNATURES ON FOLLOWING PAGE:**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day and year above written.

Witness:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Witness:

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

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

(SIGNATURE)

\_\_\_\_\_  
(PRINT/TYPE NAME) (TITLE)

DATE: \_\_\_\_\_

\_\_\_\_\_

Individually

DATE: \_\_\_\_\_

\_\_\_\_\_

Individually

DATE: \_\_\_\_\_

**FRANCHISOR:**

**PRECISION FRANCHISING LLC**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DATE: \_\_\_\_\_

Center No. \_\_\_\_\_

**SCHEDULE 1.1**

**LOCATION AND OPENING DATE**

PRECISION FRANCHISING LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") have this date, \_\_\_\_\_, 20\_\_\_\_, entered into a certain Precision Tune Auto Care Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. LOCATION

Pursuant to Section 1.1 of the Agreement, the Franchised Business shall be located at the following accepted location:

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

2. OPENING DATE

The Opening Date of the Franchise Business is \_\_\_\_\_, 20\_\_.

This Schedule shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Schedule shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Schedule, the terms of the Franchise Agreement are hereby ratified and confirmed.

Witness:

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
[SIGNATURE]

\_\_\_\_\_  
[PRINT/TYPE NAME]

\_\_\_\_\_  
[TITLE]

FRANCHISOR:

PRECISION FRANCHISING LLC

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Schedule 1.2  
ASSIGNED AREA**

PRECISION FRANCHISING LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") have this date, \_\_\_\_\_, 20\_\_\_\_, entered into a certain Precision Tune Auto Care Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. ASSIGNED AREA

Pursuant to Section 1.2 of the Agreement, the Assigned Area shall be that certain area within a radius (not to exceed 5 miles) from the location set forth in paragraph 1 of this Schedule 1.1 comprising the Population, as defined below, as of the most recent U.S. Government decennial census.

As set forth in Section 1.2 of the Agreement, during the term of the Agreement, so long as Franchisee is in full compliance with the terms and conditions of the Agreement, Franchisor shall not hereafter establish or grant others the right to establish any additional PRECISION TUNE AUTO CARE CENTERS in the Assigned Area. Franchisee acknowledges and agrees that the people residing in the Assigned Area may also reside in the assigned area of one or more nearby Precision Tune Auto Care centers, and that extensions, transfers or renewals of any existing Precision Tune Auto Care centers in the Assigned Area are excluded from the foregoing. Franchisee shall use its best efforts to advertise and promote the Franchised Business in its Assigned Area. If at any time during the term of the Agreement, Franchisor desires to establish or authorize any other person to establish one or more PRECISION TUNE AUTO CARE CENTERS in the Assigned Area as a result of an increase in the "Population" in the Assigned Area, and if Franchisee is then in full compliance with the terms and conditions of the Agreement, then Franchisee shall have the option to obtain the right to develop and operate the additional center(s) by entering into a franchise agreement for such center(s) to be developed. Franchisor shall provide Franchisee with notice thereof and the then-current form of franchise agreement; provided, that the initial franchise fee shall be the same as the initial franchise fee described in Section 4.1. Franchisee shall have a period of thirty (30) days following notice from Franchisor to execute and return to Franchisor the applicable agreement and pay the initial fees thereunder. If Franchisee fails to timely exercise its rights under this Schedule 1.1, Franchisor may thereafter establish such PRECISION TUNE AUTO CARE CENTER(S) itself or authorize others to do so. The "Population" shall mean the number of people residing in the Assigned Area as of the most recent decennial census at the time of execution of the Franchise Agreement from which potential customers for Franchisee's products and services will be drawn. For the purpose of this Agreement, Population shall equal 50,000 people.

This Schedule shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Schedule shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Schedule, the terms of the Franchise Agreement are hereby ratified and confirmed.

Witness:

\_\_\_\_\_

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
[SIGNATURE]

Print Name and Title

FRANCHISOR:  
PRECISION FRANCHISING LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE 1.3**  
**SITE DEVELOPMENT ADDENDUM**

PRECISION FRANCHISING LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") have this date, \_\_\_\_\_, 20\_\_\_\_, entered into a certain Precision Tune Auto Care Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

**A. SITE SELECTION**

1. Within six (6) months after execution of the Franchise Agreement by Franchisor, Franchisee shall acquire or lease, at Franchisee's expense, a location for the Precision Tune Auto Care Center ("Center" or "Franchised Business") at a site identified by Franchisee and approved by Franchisor as hereinafter provided.

2. Franchisee's site shall be located within the following Designated General Area:

\_\_\_\_\_  
The Designated General Area is not an exclusive territory of Franchisee and is described solely for the purpose of limiting the area within which Franchisee may seek a location for the Center. Nothing in the Franchise Agreement or in this Addendum shall be deemed to prevent Franchisor from granting franchises to others for locations anywhere within the Designated General Area at any time.

3. If Franchisee has not acquired or leased an acceptable location within the Designated General Area within the time provided in Paragraph A.1., either Franchisor or Franchisee may, at its option, cancel the Franchise Agreement.

(a) If Franchisee, after diligent efforts, fails to acquire, contract for, or lease a site acceptable to Franchisor, and elects to cancel within six (6) months after Franchisor's execution of the Franchise Agreement, Franchisee shall be entitled to a refund of twenty percent (20%) of the initial franchise fee paid by Franchisee provided that Franchisee is not otherwise in default of the Franchise Agreement or any other agreement between Franchisee and Franchisor. The refund will be paid within one (1) month after Franchisor's receipt of the written notice of cancellation, which must be received within six (6) months after Franchisor's execution of the Franchise Agreement. The initial franchise fee is not refundable, in whole or in part, under any other circumstances.

(b) Failure by Franchisee to acquire, contract for, or lease a site acceptable to Franchisor within the time provided in Paragraph A.1. above shall constitute a default under the Franchise Agreement, for which Franchisor may immediately terminate the Franchise Agreement as provided therein.

**B. SITE APPLICATION**

1. Prior to acquiring, contracting for or leasing a site for the Center, but in no event more than eight (8) months after Franchisor's execution of the Franchise Agreement, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a completed Site Application, and such other information or materials as Franchisor may require, together with a letter of intent or other evidence satisfactory to Franchisor confirming Franchisee's favorable prospects for obtaining the site. No site shall be deemed accepted unless it has been expressly accepted in writing signed by Franchisor.

2. Franchisee shall be responsible for all expenses in connection with the completion of the Site Application, including but not limited to costs of demographic analyses, drafting and copying of site plans, maps, aerial and ground photographs, and professional services.

3. Franchisor shall have no obligation to inspect any site proposed by Franchisee; however, Franchisor, in its sole discretion, may determine that a site inspection is necessary for a proper evaluation of Franchisee's site application. Franchisor will conduct, or cause its agent to conduct, the first such inspection at no charge to Franchisee; thereafter, Franchisor may require Franchisee to reimburse Franchisor or its agent for all reasonable expenses incurred in connection with site inspections, including but not limited to travel, lodging, and meals.

4. After a proposed location has been accepted by Franchisor and leased or acquired by Franchisee as provided herein, that location shall be described in an attachment to the Franchise Agreement as the accepted location pursuant to Section 1.1 of the Franchise Agreement.

5. Fulfillment by Franchisor of its obligations under this Addendum shall constitute full performance by Franchisor pursuant to Section 5.1.1 and 5.1.2 of the Franchise Agreement.

### **C. LEASE**

If Franchisee will occupy the Center premises under a lease, Franchisee shall submit a copy of the lease to Franchisor for its review. Franchisor's approval of the site will be conditioned upon the execution by Franchisee and the Lessor of an Agreement and Contingent Assignment of Lease in the form attached hereto, or on the inclusion in the lease of the terms and provisions set forth in the attached form of Agreement and Contingent Assignment of Lease. Franchisee shall be solely responsible for the performance of all of its obligations as lessee or sublessee under the lease for the Center premises, and Franchisee shall indemnify Franchisor against and hold Franchisor harmless from all claims, demands and liabilities of the lessor or other third parties resulting from the lease.

### **D. SITE PREPARATION**

Before commencing any construction or remodeling of the Center, , but in no event later than two (2) months after Franchisor approves Franchisee's acquires or leases the site for the Center, Franchisee shall comply, to Franchisor's satisfaction, with all of the following requirements:

1. Franchisee shall employ a qualified architect or engineer who is reasonably acceptable to Franchisor to prepare, for Franchisor's review and acceptance, preliminary plans and specifications for site improvement and construction of the Center based upon standard prototype drawings furnished by Franchisor.

2. Franchisee shall be responsible for obtaining all zoning and environmental classifications and clearances that may be required by state or local laws, ordinances, or regulations, or that may be necessary or advisable owing to any applicable restrictive covenants. After having obtained such classifications and clearances, Franchisee shall submit to Franchisor, for review and acceptance, final plans for construction or remodeling based on the preliminary plans and specifications. Once accepted by Franchisor, the final plans may not be substantially changed or modified without Franchisor's permission.

3. Franchisee shall be responsible for obtaining all permits and certifications required for the lawful construction, remodeling, and operation of the Center, and shall certify to Franchisor that all such permits and certifications have been obtained.

4. Franchisee shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to complete all site improvements and construction of the Center. Franchisee shall obtain and maintain during the entire period of construction liability insurance as provided under Article XIII of the Franchise Agreement.

### **E. CONSTRUCTION**

1. If the accepted location is a build-to-suit, Franchisee must commence construction within four (4) months after Franchisor's acceptance of the site application. If the accepted location is an existing building, Franchisee shall commence remodeling immediately upon obtaining possession of the premises, within two (2) months after Franchisor's acceptance of the site application.

2. Franchisee shall provide written notice to Franchisor of the date when (i) construction of the Center commenced or (ii) Franchisee obtained possession of the premises, within ten (10) days after the event. For purposes of this Addendum, construction shall be deemed to commence on the date on which excavation for footings is begun. Thereafter, Franchisee shall provide Franchisor a progress report, either orally or in writing as Franchisor may require, at least once every two (2) weeks. Franchisee agrees that Franchisor and its agents shall have the right to inspect the location at all reasonable times for the purpose of ascertaining that all work complies with the final plans accepted by Franchisor.

3. Franchisee shall maintain continuous work on construction or remodeling of the Center premises, which shall be completed within the time period specified in the final plans accepted by Franchisor. Franchisee shall be responsible for the completion of all interior and exterior carpentry, electrical, painting and finishing work, and the installation of all furnishings, fixtures, equipment and signs in accordance with Franchisor's specifications.

4. Franchisee shall notify Franchisor of the date of completion of construction or remodeling, and within a reasonable time thereafter, Franchisor or its agent shall conduct a final inspection of the Center premises. Franchisee shall not open the Center for business without the express written authorization of Franchisor, which shall be subject to Franchisee's strict compliance with the standards and specifications of the Precision Tune Auto Care System.

5. Notwithstanding anything to the contrary, Franchisee must complete construction or remodeling and open the Center for business within one year after Franchisor's execution of the Franchise Agreement, but not later than ten (10) days after being authorized by Franchisor to do so.

**F. EFFECT AND INTERPRETATION**

1. If the performance of any obligation hereunder is prevented or delayed, in whole or in part, by reason of force majeure, or the consequence thereof, affecting the parties hereto or the rights granted hereunder (such force majeure to include but not be limited to Acts of God, fire, flood, hurricane, earthquake, riots, wars, hostilities, governmental actions or failure to act, strikes, lockouts, or labor disputes), then the affected party shall, upon prompt written notice to the other party, be given an additional time to perform equal to the delay caused directly by the force majeure; provided, however, that nothing herein shall be deemed or construed to permit any delay in the exercise of Franchisee's right under Section A.3(a) hereof nor its obligations to provide notices and reports to Franchisor hereunder.

2. Notwithstanding Franchisor's acceptance of any site proposed by Franchisee, Franchisor makes no warranty, representation or guarantee concerning any location or its business prospects. Accordingly, Franchisee accepts any and all risk associated with operating a Precision Tune Auto Care center at this location.

3. This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

Witness:

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
[SIGNATURE]

\_\_\_\_\_

[PRINT/TYPE NAME]

\_\_\_\_\_

[TITLE]

**FRANCHISOR:  
PRECISION FRANCHISING LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 3.1.1**

**AGREEMENT AND CONTINGENT ASSIGNMENT OF LEASE**

This Agreement and Contingent Assignment of Lease ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among the following parties:

**LESSOR:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LESSEE:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FRANCHISOR:** PRECISION FRANCHISING LLC  
19980 Highland Vista Drive, Suite 155.  
Ashburn, VA 20147

**RECITALS:**

WHEREAS, Under the terms of the Lease Agreement attached hereto as Exhibit A, Lessor has agreed to lease to Lessee certain premises (the "Premises") located at the following street address:

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

WHEREAS, Lessee has entered into a Franchise Agreement with Franchisor under which Lessee proposes to operate a Precision Tune Auto Care @Center to be located at the Premises;

WHEREAS, Franchisor has accepted the Premises as a suitable location for Lessee's Precision Tune Center, subject to the provisions of the Franchise Agreement and further subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, including the acceptance by Franchisor of the Premises as a location for a Precision Tune Auto Care® Center, the parties hereby agree as follows:

1. Use of Premises. Lessee shall use the Premises only for the operation of a Precision Tune Auto Care® Center pursuant to its Franchise Agreement with Franchisor, and for no other purposes whatsoever.

2. Signage, Etc. Lessor hereby consents to Lessee's use and display on the Premises of such exterior and interior signs, posters, promotional materials, and equipment, furnishings, and decor as are currently required by Franchisor pursuant to the Franchise Agreement. In the event that such requirements are changed in the future, Lessor agrees that it will not unreasonably withhold its consent to Lessee's compliance with such changes. In

the event that local ordinances or zoning requirements prohibit the use of Franchisor's standard signage, Franchisor will not unreasonably withhold its consent to the modification of its standard signage to comply with such requirements.

3. Notices. Lessor agrees to furnish Franchisor copies of any and all letters and notices to Lessee pertaining to any default by Lessee under the Lease at the same time and in the same manner as any such notice is sent to Lessee. Lessee agrees to furnish Franchisor prompt written notice of any and all amendments, waivers, extensions, renewals or other modifications of the Lease. All notices hereunder shall be mailed or delivered to the addresses set forth above, unless changed from time to time by any party through written notice mailed or delivered to the other parties.

4. Assignment. Lessor hereby acknowledges that Lessee has agreed under the Franchise Agreement that, in the event of termination or expiration of the Franchise Agreement or Lessee's default under the Lease, Lessee shall, at Franchisor's option, assign to Franchisor any and all interest of Lessee in the Lease, including any rights to renew the Lease or to sublease the Premises; and Lessor hereby consents to such assignment, subject to the following conditions:

(a) Franchisor shall notify Lessor in writing within fifteen (15) days after termination or expiration of the Franchise Agreement or Franchisor's receipt of any notice of default by Lessee under the Lease if Franchisor elects to accept assignment of the Lease; Franchisor's failure to accept assignment of the Lease upon any default of Lessee under the Lease shall not be deemed a waiver of Franchisor's future right to accept such assignment in the event of any future default by Lessee;

(b) If Franchisor elects to accept assignment of the Lease, Franchisor shall execute and deliver to Lessor a lease containing the same terms and conditions (including rental rates) as the Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Lessor and Lessee;

(c) If Franchisor elects to accept assignment of the Lease, Franchisor shall take possession of the Premises within fifteen (15) days after notice of such election to Lessor, and Franchisor shall commence payment of rent upon taking possession of the Premises;

(d) Nothing herein shall affect Lessor's right to recover from Lessee any and all amounts due under the Lease or to exercise any rights of Lessor against Lessee as provided under the Lease.

5. Assignment to Third Party. At any time after giving notice of its election to accept assignment of the Lease, Franchisor may request to assign its lease, or sublease the Premises, to a third party. Lessor agrees not to unreasonably withhold its consent to any such assignment or sublease on the same terms as the Lease; provided, however, that if Lessor refuses to consent to such assignment or sublease by Franchisor, Franchisor shall have the right to revoke its acceptance of assignment of the Lease and shall have no further obligations thereunder.

6. Entry by Franchisor. Lessor and Lessee hereby acknowledge that Lessee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Precision Tune Auto Care® Center operated by Lessee at the Premises at any reasonable time for the purpose of conducting inspections, protecting Franchisor's proprietary marks, and correcting deficiencies of Lessee. Lessor and Lessee hereby agree not to interfere with or prevent such entry by Franchisor, its employees or agents.

7. De-Identification. Lessor and Lessee hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Lessee is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Precision Tune Auto Care® Center operated by Lessee. Lessor agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Lessee, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Lessor shall not be required to bear any expense thereof. Lessee agrees that if Lessee fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Lessee's expense.

8. General Provisions.

(a) This Agreement shall run with the land and be binding upon the parties hereto and their successors, assigns, heirs, executors, and administrators. The rights and obligations herein contained shall continue notwithstanding changes in the persons or entities that may hold any leasehold or ownership in the land or building. Any party hereto may record this agreement or a memorandum hereof.

(b) Any party hereto may seek equitable relief, including without limitation injunctive relief or specific performance, for actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for under law or other agreements between any of the parties. The prevailing party in any action shall be entitled to recover its legal fees together with courts costs and expenses of litigation.

(c) Nothing contained in this Agreement shall affect any term or condition in the Franchise Agreement between Lessee and Franchisor. Nothing herein shall be deemed to constitute a guaranty or endorsement by Franchisor of the terms and conditions of the Lease between Lessor and Lessee. In the event that Franchisor, in its sole discretion, determines not to accept assignment of the Lease as permitted hereunder, neither Lessor nor Lessee shall have any claims against Franchisor. No terms or conditions contained in the Lease shall be binding on Franchisor unless and until it elects to accept assignment of the Lease hereunder.

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

Witness:

\_\_\_\_\_

**LESSOR:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LESSEE:**

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

PRECISION FRANCHISING LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

LESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY INDIVIDUAL OR PARTNER

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

LESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY CORPORATION

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of \_\_\_\_\_, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

LESSEE'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY INDIVIDUAL OR PARTNER

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

LESSEE'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY CORPORATION

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of \_\_\_\_\_, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

FRANCHISOR'S ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of PRECISION FRANCHISING LLC, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

**ATTACH EXHIBIT "A"**  
(Copy of Executed Lease)

Center No. \_\_\_\_\_

**SCHEDULE 3.1.1**  
**AGREEMENT AND CONTINGENT ASSIGNMENT OF SUBLEASE**

This Agreement and Contingent Assignment of Sublease ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among the following parties:

LESSOR: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SUBLESSOR: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SUBLESSEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FRANCHISOR: PRECISION FRANCHISING LLC  
19980 Highland Visa Dr., Suite 155  
Ashburn, VA 20147

**RECITALS:**

WHEREAS, Under the terms of the Lease Agreement attached hereto as Exhibit A, Lessor has agreed to lease to Sublessor certain premises (the "Premises") located at the following street address:

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

WHEREAS, Under the terms of the Sublease Agreement attached hereto as Exhibit B, Sublessor has agreed to sublease to Sublessee the Premises;

WHEREAS, Sublessee has entered into a Franchise Agreement with Franchisor under which Sublessee proposes to operate a Precision Tune Auto Care Center to be located at the Premises;

WHEREAS, Franchisor has accepted the Premises as a suitable location for Sublessee's Precision Tune Auto Care Center, subject to the provisions of the Franchise Agreement and further subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, including the acceptance by Franchisor of the Premises as a location for a Precision Tune Auto Care Center, the parties hereby agree as follows:

1. Use of Premises. Sublessee shall use the Premises only for the operation of a Precision Tune Auto Care Center pursuant to its Franchise Agreement with Franchisor, and for no other purposes whatsoever.

2. Signage, Etc. Lessor/Sublessor hereby consents to Sublessee's use and display on the Premises of such exterior and interior signs, posters, promotional materials, and equipment, furnishings, and decor as are currently required by Franchisor pursuant to the Franchise Agreement. In the event that such requirements are changed in the future, Lessor/Sublessor agrees that it will not unreasonably withhold its consent to Sublessee's compliance with such changes. In the event that local ordinances or zoning requirements prohibit the use of Franchisor's standard signage, Franchisor will not unreasonably withhold its consent to the modification of its standard signage to comply with such requirements.

3. Notices. Lessor/Sublessor agrees to furnish Franchisor copies of any and all letters and notices to Sublessee pertaining to any default by Sublessee under the Sublease at the same time and in the same manner as any such notice is sent to Sublessee. Sublessee agrees to furnish Franchisor prompt written notice of any and all amendments, waivers, extensions, renewals or other modifications of the Sublease. All notices hereunder shall be mailed or delivered to the addresses set forth above, unless changed from time to time by any party through written notice mailed or delivered to the other parties.

4. Assignment. Lessor/Sublessor hereby acknowledges that Sublessee has agreed under the Franchise Agreement that, in the event of termination or expiration of the Franchise Agreement or Sublessee's default under the Sublease, Sublessee shall, at Franchisor's option, assign to Franchisor any and all interest of Sublessee in the Sublease, including any rights to renew the Sublease or to sublease the Premises; and Lessor/Sublessor hereby consents to such assignment, subject to the following conditions:

(a) Franchisor shall notify Lessor/Sublessor in writing within thirty (30) days after termination or expiration of the Franchise Agreement or Franchisor's receipt of any notice of default by Sublessee under the Sublease if Franchisor elects to accept assignment of the Sublease; Franchisor's failure to accept assignment of the Sublease upon any default of Sublessee under the Sublease shall not be deemed a waiver of Franchisor's future right to accept such assignment in the event of any future default by Sublessee;

(b) If Franchisor elects to accept assignment of the Sublease, Franchisor shall execute and deliver to Lessor/Sublessor a lease containing the same terms and conditions (including rental rates) as the Sublease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Lessor/Sublessor and Sublessee;

(c) If Franchisor elects to accept assignment of the Sublease, Franchisor shall take possession of the Premises within thirty (30) days after notice of such election to Lessor/Sublessor, and Franchisor shall commence payment of rent upon taking possession of the Premises;

(d) Nothing herein shall affect Lessor's/Sublessor's right to recover from Sublessee any and all amounts due under the Sublease or to exercise any rights of Lessor/Sublessor against Sublessee as provided under the Sublease.

5. Assignment to Third Party. At any time after giving notice of its election to accept assignment of the Sublease, Franchisor may request to assign its sublease, or sublease the Premises, to a third party. Lessor/Sublessor agrees not to unreasonably withhold its consent to any such assignment or sublease on the same terms as the Sublease; provided, however, that if Lessor/Sublessor refuses to consent to such assignment or sublease by Franchisor, Franchisor shall have the right to revoke its acceptance of assignment of the Sublease and shall have no further obligations thereunder.

6. Entry by Franchisor. Lessor/Sublessor and Sublessee hereby acknowledge that Sublessee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Precision Tune Auto Care Center operated by Sublessee at the Premises at any reasonable time for the purpose of conducting inspections, protecting Franchisor's proprietary marks, and correcting deficiencies of Sublessee. Lessor/Sublessor and Sublessee hereby agree not to interfere with or prevent such entry by Franchisor, its employees or agents.

7. De-Identification. Lessor/Sublessor and Sublessee hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Sublessee is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Precision Tune Auto Care Center operated by Sublessee. Lessor/Sublessor agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Sublessee, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Lessor/Sublessor shall not be required to bear any expense thereof. Sublessee agrees that if Sublessee fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Sublessee's expense.

8. General Provisions.

(a) This Agreement shall run with the land and be binding upon the parties hereto and their successors, assigns, heirs, executors, and administrators. The rights and obligations herein contained shall continue notwithstanding changes in the persons or entities that may hold any leasehold or ownership in the land or building. Any party hereto may record this agreement or a memorandum hereof.

(b) Any party hereto may seek equitable relief, including without limitation injunctive relief or specific performance, for actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for under law or other agreements between any of the parties. The prevailing party in any action shall be entitled to recover its legal fees together with courts costs and expenses of litigation.

(c) Nothing contained in this Agreement shall affect any term or condition in the Franchise Agreement between Sublessee and Franchisor. Nothing herein shall be deemed to constitute a guaranty or endorsement by Franchisor of the terms and conditions of the Lease/Sublease between Lessor/Sublessor and Sublessee. In the event that Franchisor, in its sole discretion, determines not to accept assignment of the Sublease as permitted hereunder, neither Lessor/Sublessor nor Sublessee shall have any claims against Franchisor. No terms or conditions contained in the Lease/Sublease shall be binding on Franchisor unless and until it elects to accept assignment of the Lease/Sublease hereunder.

**SIGNATURES ON THE FOLLOWIING PAGE**

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

Witness:

\_\_\_\_\_

**LESSOR:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Witness:

\_\_\_\_\_

**SUBLESSOR:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**SUBLESSEE:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

**PRECISION FRANCHISING LLC**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 201\_\_

LESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY INDIVIDUAL OR PARTNER

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

LESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY CORPORATION

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of \_\_\_\_\_, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

SUBLESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY INDIVIDUAL OR PARTNER

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

SUBLESSOR'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY CORPORATION

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of \_\_\_\_\_, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

SUBLESSEE'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY INDIVIDUAL OR PARTNER

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

SUBLESSEE'S ACKNOWLEDGMENT  
ACKNOWLEDGMENT BY CORPORATION

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of \_\_\_\_\_, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

FRANCHISOR'S ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public for the County aforesaid, in the State of \_\_\_\_\_, do certify that \_\_\_\_\_, whose name, as \_\_\_\_\_ of PRECISION FRANCHISING LLC, is signed to the writing above, bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, has acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

**ATTACH EXHIBIT "A"**  
**(Copy of Executed Lease)**

**ATTACH EXHIBIT "B"**  
(Copy of Executed Sublease)

**SCHEDULE 6.5**

**GUARANTY AGREEMENT**

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which is hereby expressly acknowledged by each of the undersigned, I, we and each of the undersigned jointly, severally, absolutely and unconditionally guarantee to Precision Franchising LLC (“Franchisor”): (i) the full and timely performance of each term, covenant and obligation of the Franchisee set forth in that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ by and between Franchisor and \_\_\_\_\_ (“Franchisee”), and (ii) the payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, against said Franchisee, including expenses, damages, fees and collections costs, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, affiliates or divisions, together with any interest as it may accrue and if this continuing guaranty is placed with an attorney or if collected by suit or through any probate, bankruptcy or other court, to pay all court costs and reasonable attorney's fees, together with any and all expenses incurred by Franchisor or its affiliate, subsidiary or division. This is a continuing guaranty that shall apply to the Franchise Agreement and any subsequent amendments or modifications thereof, and such modifications or amendments shall be conclusively presumed to be covered by this guaranty without further notice to or acceptance by the undersigned.

The undersigned acknowledge and agree that possession of this guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor and the undersigned waive notice of acceptance of this guaranty and of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. Payment by the undersigned shall be made at the office of Franchisor in Ashburn, Virginia, or such other location as Franchisor may designate in writing.

Franchisor may, at its option, at any time without the consent of or notice to the undersigned, without incurring responsibility to the undersigned, and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part, (1) change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any liability of the Franchisee under the franchise agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the liabilities of the Franchisee, so changed, extended, renewed or altered; (2) exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting; (3) settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and (4) apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee to Franchisor remain unpaid. Franchisor may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any monies, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof and this guaranty shall survive the termination, expiration, or cancellation of the franchise agreement. Franchisor may, at its option, elect to take no action pursuant to this guaranty or the franchise agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this Agreement

against them, to first institute suit or exhaust its remedies against the Franchisee or any others. The foregoing guaranty shall be nonrevocable, except with the express written consent of the Franchisor. The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this guaranty shall be bound thereto at any time. Any married woman who signs this guaranty hereby expressly agrees that recourse may be had against her separate property for all her obligations under this guaranty.

This guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of Franchisor and the undersigned. This agreement in the possession of the Franchisor will be presumed that same has been executed and delivered by each of the undersigned for a valuable consideration.

Additionally, the undersigned agree they shall be individually bound by any provisions of the Franchise Agreement relating to non-competition, confidentiality, transfer, applicable law, choice of forum and venue, and all other provisions applicable to Franchisee and controlling principals of Franchisee.

WITNESS our hands at \_\_\_\_\_, on this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Owner of \_\_\_\_% interest in Franchisee

\_\_\_\_\_  
Owner of \_\_\_\_% interest in Franchisee

\_\_\_\_\_  
Owner of \_\_\_\_% interest in Franchisee

\_\_\_\_\_  
Owner of \_\_\_\_% interest in Franchisee

Center No. \_\_\_\_\_

**ATTACHMENT 1**

**PTAC MARKETING FUND, INC. AGREEMENT**

I agree that the radio and TV commercials and other advertising materials that I receive from PTAC Marketing Fund, Inc. from time to time are, and shall remain, the exclusive property of PTAC Marketing Fund, Inc. I understand and agree that upon receipt of an executed copy of this agreement, I will be granted the right to use the commercials until notified by PTAC Marketing Fund, Inc. of termination of this agreement or termination of my right to use one or all of the commercials or materials. Termination by PTAC Marketing Fund, Inc. may be without notice and without cause. I recognize that use of a commercial or other advertising materials after the termination date may expose PTAC Marketing Fund, Inc. and/or Precision Franchising LLC or its affiliates to liability, and I agree to indemnify and hold PTAC Marketing Fund, Inc. and Franchising LLC (and its affiliates) harmless from any liability, loss or expense including reasonable attorney's fees, resulting from such use or from my failure to otherwise meet the requirements contained in this agreement. If and when my franchise agreement(s) with Precision Franchising LLC terminates or expires, I agree to immediately cease utilizing the commercials and materials. I also agree not to alter or reproduce or to have altered or reproduced any of the commercials or materials in any manner, except as authorized by PTAC Marketing Fund, Inc. in writing. Finally, I understand that I may receive additional instructions from you with regard to the use of all or some of the commercials and materials and that you will require that the radio and TV commercials be sent directly to my agency or the TV or radio station. I agree to abide by all additional instructions issued by you relating to use of the commercials or other advertising materials.

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Witness

**AGREED:**

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACCEPTED BY:**

**PTAC Marketing Fund, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 2**

**VETFRAN ADDENDUM**

This ADDENDUM to the Franchise Agreement (the "Agreement") between PRECISION FRANCHISING LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") is effective as of \_\_\_\_\_, 20\_\_.

A. Provided that Franchisee is, or is more than 50% owned by, a person meeting Franchisor's VetFran Program eligibility requirement, and the Agreement was signed on or before March 31, 2023, Section 3.1 of the Franchise Agreement is hereby amended and revised to read as follows:

"4.1 Upon execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee of Ten Thousand Hundred Dollars (\$10,000.00), payable in full upon signing of the Agreement."

B. Provided that Franchisee is, or is more than 50% owned by, a person meeting Franchisor's VetFran Program eligibility requirement, the Agreement was signed on or before March 31, 2024 and the Center opens for business on or before December 31, 2024, Section 4.2 of the Franchise Agreement is hereby amended and revised to read as follows:

"4.2 Commencing as of the earlier of (1) the date when the Center opens for business, or (2) one year from the date of execution of this Agreement, and continuing thereafter throughout the term of this Agreement, Franchisee shall pay to Franchisor an operating fee (the "Operating Fee") equal to seven and one-half percent (7.5%) of the weekly Gross Sales of the Franchised Business, but not less than Three Hundred Dollars (\$300) each week. If the Center, after being open, is subsequently closed for relocation or for any other reason, Franchisee shall immediately notify Franchisor in writing of such closing and, beginning at the end of six (6) months after the closing of the Center, pay Franchisor a fee of Three Hundred Dollars (\$300) each week until the Center reopens. If Franchisee fails to provide such written notice to Franchisor or if the Franchised Center remains closed for more than 6 months, unless Franchisor approves closure for a longer period of time, the closing shall be deemed to be an abandonment of the Franchised Business. Notwithstanding the foregoing, and only so long as Franchisee is (or is more than 50% owned by) a person meeting Franchisor's VetFran Program, and only for the first 52 weeks after the earlier date referred to above, the Operating Fee shall be three and seventy-five/100ths percent (3.75%) of the weekly Gross Sales of the Franchised Business, but not less than One Hundred Fifty Dollars (\$150.00) each week.

C. As used herein, the phrase "a person meeting Franchisor's VetFran Program eligibility requirements" means a person who received an honorable discharge from one of the Armed Forces of the United States of America (i.e., Army, Navy, Air Force, Coast Guard Marine Corps), or with respect to a person currently serving in one of the Armed Forces of the United States of America, a person eligible to receive an honorable discharge.

D. The provisions of Sections A and B above shall apply only to Centers that were not part of the Precision Tune Auto Care system during the 3 years immediately prior to the date of the Agreement.

E. Except as herein modified, the provisions of the Franchise Agreement shall continue to be in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above written.

WITNESS:

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

**PRECISION FRANCHISING LLC**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[FORM OF CONFIDENTIALITY AGREEMENT -- TO BE EXECUTED BY  
FRANCHISEE'S MANAGER AND EMPLOYEES]

**Attachment 3**

**CONFIDENTIALITY AGREEMENT**

In consideration of my employment by [INSERT FRANCHISEE'S NAME]  
\_\_\_\_\_ ("Employer"), and One Dollar (\$1.00), receipt and sufficiency of  
which is acknowledged, and intending to be legally bound I agree that:

1. I have been advised that Employer is a franchisee of Precision Franchising LLC d/b/a Precision Tune Auto Care and, as such, is in possession of certain proprietary information, some of which may be revealed to or learned by me during my training at Precision Tune Auto Care and my employment with Employer. I specifically acknowledge that, pursuant to this Agreement, I will receive valuable specialized training and confidential information, including, but not limited to, information concerning the operation, sales, promotional, and marketing methods and techniques of Precision Tune Auto Care and its individual franchisees, including Employer. Precision Tune Auto Care is a third-party beneficiary of this Agreement, and I agree that Precision Tune Auto Care, at its sole option, may enforce this Agreement independently of Employer.

2. During the term of my employment with Employer or at any time thereafter, I will not, directly or indirectly, use or disclose to anyone, or authorize disclosure of, any of the confidential or proprietary information or trade secrets which may be revealed to me or learned by me during the course of my training with Precision Tune Auto Care or my employment with Employer.

3. I acknowledge that the confidential information and trade secrets with which I may become familiar are essential to Employer's and Precision Tune Auto Care's business and are owned and shall continue to be owned solely by Employer and/or Precision Tune Auto Care. Under no circumstances will I remove from Employer's place of business any of Employer's books, records, customer lists, or training materials, or any copies of such documents, without the written permission of Employer or Precision Tune Auto Care. Under no circumstances will I make any copies of such books, records, documents, customer lists, or training materials except as specifically authorized in writing by Employer or Precision Tune Auto Care. I agree that at the termination of my employment whether or not that termination is voluntary, I will return to Employer immediately any and all materials concerning Employer's or Precision Tune Auto Care's processes, equipment, business methods or financial condition issued to me during training or employment or otherwise in my possession or control.

4. I acknowledge that any unauthorized disclosure of any trade secret or confidential or proprietary information revealed to me or learned by me during the course of my employment with Employer or engaging in any other activities forbidden by this Agreement would result in irreparable harm to both Employer and Precision Tune Auto Care, and I agree that such unauthorized disclosure or activity would warrant Employer and/or Precision Tune Auto Care obtaining, among other things, an immediate injunction restraining further unauthorized disclosure or activity.

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Employee

CENTER : \_\_\_\_\_

**ATTACHMENT 4  
PROMISSORY NOTE**

\$ \_\_\_\_\_ Ashburn, Virginia \_\_\_\_\_, 20\_\_

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ (the "Maker"), having an address at \_\_\_\_\_, hereby promises to pay to PRECISION FRANCHISING LLC ("Payee"), or order, at Payee's address at 748 Miller Drive, S.E., Leesburg, Virginia 20175, or at such other address as Payee may designate in writing, the sum of \_\_\_\_\_, lawful money of the United States of America, without interest, at the earlier of (i) Maker's attendance at the initial franchise management training program designated by Payee, (ii) the acceptance by Payee of the site for the location of Maker's Center, (iii) 90 days from the effective date of the franchise agreement, or (iv) upon the termination of Maker's franchise agreement. If Maker shall fail to pay this Note when due, Payee shall have the right to terminate the franchise agreement between Maker and Payee and demand immediate payment of any balance due.

Maker at his option may prepay the principal indebtedness evidenced by this Note in whole or in part at any time without penalty or premium. Maker certifies that the indebtedness represented by this Note was incurred for business purposes.

Any notice or demand required or permitted to be given or made hereunder shall be deemed given or made if done by personal service or by first-class mail addressed to Maker at the addresses given above. Either party may change its address by like notice to the other party. Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors, and endorsers hereof.

Maker agrees to pay reasonable attorney's fees and disbursements, if any, incurred by Payee in enforcing payment of this Note and collection of any judgment rendered hereon, whether or not suit is filed. This Note shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia applicable to notes executed in the Commonwealth, and Maker consents to the jurisdiction and venue of the courts of Loudoun County, Virginia, for the prosecution of any action arising out of this Note, and hereby deems such courts to be a convenient forum for any such action.

**IN WITNESS WHEREOF**, Maker has executed this Note, intending to be personally obligated hereon, as of the date first above written.

**MAKER:**

\_\_\_\_\_  
\_\_\_\_\_, Individually