

# **FRANCHISE DISCLOSURE DOCUMENT**

For Prospective Franchisees

## **TURBO TINT™**

Moran Industries, Inc. d/b/a Moran Family of Brands®  
11524 West 183rd Place  
Orland Park, Illinois 60467  
(800) 377-9247

[www.moranfamilyofbrands.com](http://www.moranfamilyofbrands.com)

Disclosure Document No. \_\_\_\_\_

## FRANCHISE DISCLOSURE DOCUMENT



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d/b/a Moran Family of Brands®  
An Illinois Corporation  
11524 West 183rd Place  
Orland Park, Illinois 60467  
(800) 377-9247  
[www.moranfamilyofbrands.com](http://www.moranfamilyofbrands.com)

The franchise is offered to establish and operate a business specializing in the installation and service of automotive window tint, automotive paint protection film, architectural window tint, and automotive accessories operated under the service mark "Turbo Tint™." Franchises can be established as a start-up business or by conversion of an independent business specializing in the installation of automotive window tint, automotive paint protection film, architectural window tint, and automotive accessories to a franchised business.

The total investment necessary to begin operation of a "Turbo Tint" franchised business is \$214,510 to \$281,400. This includes \$54,500 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of three "Turbo Tint" franchised businesses is \$268,510 to \$335,400. This includes \$108,500 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of five "Turbo Tint" franchised businesses is \$334,510 to \$401,400. This includes \$174,500 that must be paid to the franchisor or its affiliate.

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

You may have elected to receive an electronic version of this disclosure document. If so, you may want to download the disclosure document for future reference. You may wish to receive the disclosure document in another format that is more convenient for you. To discuss other disclosure formats, please contact Ben Reist at Moran Family of Brands, 11524 West 183rd Place, Orland Park, Illinois 60467, (800) 377-9247.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your local public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them. State agencies are listed in Exhibit A.

Issuance Date: March 22, 2021

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Illinois. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Illinois than in your own state.
2. **Spousal Guarantee.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**THE FOLLOWING APPLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

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 assents to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good Cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, 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 or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be direct to:

State of Michigan  
Consumer Protection Division  
Attention: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
Telephone Number (517)373-7117

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**FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES  
MORAN INDUSTRIES, INC. D/B/A MORAN FAMILY OF BRANDS®**

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

To simplify the language in this franchise disclosure document, “Moran Family of Brands,” “Moran,” “us,” “we” and “our” refer to Moran Industries, Inc., the franchisor. “You” or “your” refer to the person to whom we grant the right to operate a “Turbo Tint” franchised business. If you are a corporation, partnership, limited liability company or other business entity, your owners and owners’ spouses will have to guarantee your obligations and be bound by the provisions of the Turbo Tint Franchise Agreement (Exhibit E) and other agreements described in this disclosure document.

**The Franchisor, Its Predecessors and Affiliates**

We are an Illinois corporation incorporated on July 27, 1990. We maintain our principal business address at 11524 West 183rd Place, Orland Park, Illinois 60467. We do business under the names “Moran Industries, Inc.” and “Moran Family of Brands®.” We offer franchises for the installation and service of automotive window tint, automotive paint protection film, architectural window tint, and automotive accessories under the trade name “Turbo Tint.™”. We offer franchises for retail transmission service and repair under the service mark “Mr. Transmission®” under a separate offering. We also offer franchises for retail automotive repair businesses under the service mark “Milex Complete Auto Care®” under a separate offering.

On July 1, 2007, we merged with Alta Mere Industries, Inc. (“Alta Mere”). From 1996 to 2007, we served in a management capacity with Alta Mere. Alta Mere was incorporated on June 27, 1996, with a principal business address of 4444 West 147th Street, Midlothian, Illinois 60445. Alta Mere offered franchises for automotive tint and accessory businesses operated under the service mark “Alta Mere” throughout the United States from 1996 through 2007. Alta Mere never offered franchises in any other line of business. We offered Alta Mere franchises since the merger in 2007. We also offered SmartView franchises since 2007. In March 2020 we discontinued offering franchises under the “Alta Mere®”, “Alta Mere the Automotive Outfitters®” and “SmartView®” service marks.

In November 1997, we acquired certain intellectual property rights associated with “Milex Tune Up and Brakes,” along with 14 franchised “Milex Tune Up and Brakes” service centers. We have offered Milex franchises since the acquisition in 1997.

Mor Property Development, LLC (“Mor Property Development”) is a commercial property development and leasing company that was originally established as an Illinois general partnership in 1994. In 2004 the general partners reconstituted their business into an Illinois limited liability company. Mor Property Development’s principal place of business is 11524 West 183rd Place, Orland Park, Illinois 60445 and it leases commercial property to certain of our franchisees and other commercial tenants.

Mor Property Development does not operate and has never operated Stores, and does not offer franchises in any line of business. Transmission City operated a Mr. Transmission / Milex Complete Auto Care Service Center from May 2017 to January 2019 when we took over operations of the Service Center. Transmission City did not offer franchises in any line of business. In 2020 Transmission City, Inc. was absorbed into Moran Industries, Inc.

We have no predecessors or affiliates other than disclosed above.

Our agents for service of process are listed in Exhibit B of this disclosure document.

### The Business of the Franchisor

Under this disclosure document we grant franchises to qualified candidates for the operation of "Turbo Tint" stores ("Turbo Tint Stores") offering installation and service of automotive window tint, automotive paint protection film, architectural window tint, and automotive accessories to the general public.

Under separate disclosure documents we grant franchises for the operation of: (1) tune-up and brakes service centers (on a standalone basis) under the service mark "Milex Complete Auto Care<sup>®</sup>"; and (2) retail transmission service centers under the service mark "Mr. Transmission<sup>®</sup>".

Moran examines each franchisee application on a case by case basis and Moran reserves the right to determine in its sole discretion whether or not to approve or disapprove an applicant for a single franchise or multiple unit franchise.

We previously offered franchises under the trade names "Alta Mere", "Alta Mere the Automotive Outfitters" and "SmartView" service marks. We no longer offer new franchises under these marks. However, we have some existing franchisees that have elected to continue operating under these marks, as noted in Item 20. These franchisees operate businesses that are similar to the "Alta Mere" and "SmartView" franchised businesses, aside from the different marks. We continue to support these franchisees.

### The Franchised Business

You will establish and operate a Store under our registered service mark "Turbo Tint" and corresponding logos (as applicable), as well as related trademarks, trade names, service marks, logos, and slogans (the "Proprietary Marks") and the proprietary operating system (the "System") we developed for the operation of a Store. Specifically, if you operate a Turbo Tint Store, you will be granted the right to use the "Turbo Tint" mark and trade name. You also will be licensed to utilize our Turbo Tint confidential operating manual (the "Turbo Tint Manual") which sets forth the standards and specifications for the management and operation of a Turbo Tint Store. The Store will be operated pursuant to our then-current form of franchise agreement ("Franchise Agreement"), which is attached to this Disclosure Document as Exhibit E.

If you are operating a Turbo Tint Store, you will be granted a protected territory (the "Radius Territory") consisting of a 3-mile radius around the approved location.

### Conversion Franchise

As a conversion franchisee, you are granted the right to convert an independent automotive window tinting, automotive paint protection film, architectural window tinting and automotive accessories store that you currently operate to a Turbo Tint Store. You sign the Conversion Franchise Addendum (Exhibit H).

### Market Competition

If you are operating a Turbo Tint Store, your competition includes various national, regional and local window tinting repair and service businesses, automotive paint protection film, architectural window tint and flat-glass window film service businesses including specialty repair shops, motor

vehicle dealerships and independent window tinting and automotive accessories stores. Your competition may also include automotive window tinting, auto repair and service centers and flat-glass window film installation and service businesses franchised by us under the Proprietary Marks or one of our other trademarks.

There may be a number of state and local statutes as well as consumer oriented legislation to which your operation of a Store may be subject. Each state may have a law that restricts the percentage of shading that may be used for window tinting in that state. You must investigate and comply with these requirements. We are not aware of any other laws or regulations specific to the operation of automotive window tinting, automotive paint protection film installation, or architectural window tinting businesses. If you wish to offer beer and wine at your Store you must investigate and comply with your state laws and local statutes or regulations relating to liquor licensing. You must investigate whether there are additional laws or regulations specific to the operation of the franchise and comply. You must comply with all local, state and federal laws and regulations applicable to the general operation of any business.

You should familiarize yourself with these requirements and review these matters with your local attorney.

### Prior Business Experience

We or our predecessors have operated service centers since 1962 under the trade name “Mr. Transmission” or other trade names, and have franchised these service centers since 1970. We previously offered “Multistate Transmissions” franchises from September 1991 until December 2015. Prior to our merger with Multistate Transmissions, Inc. (“Multistate”), “Multistate Transmissions” franchises were offered by Multistate since 1971. We previously offered “Dr. Nick’s Transmissions” franchises from April 1993 until December 2015. Prior to our acquisition of the “Dr. Nick’s Transmissions” franchise system, “Dr. Nick’s Transmissions” franchises were offered by Nick’s Systems, Inc. since 1978. We acquired Atlas Transmission of Southeast Texas, Inc. (“Atlas”) in 1993 and offered “Atlas Transmission” franchises from October 1993 until 2001. Prior to our acquisition of the “Atlas Transmission” franchise system, Atlas had offered “Atlas Transmission” franchises since 1988. Alta Mere offered “Alta Mere Window Tinting & Auto Alarm” franchises specializing in providing window tinting, security and electronic convenience items, audio systems, and other accessories for vehicles on a retail and wholesale level from its inception in June 1996 to June 2007. We previously offered “Alta Mere” franchises from June 2007 to March 2020.

## **ITEM 2 BUSINESS EXPERIENCE**

Co-Founder, Chairwoman and CEO: Barbara Moran-Goodrich

Barbara Moran-Goodrich is one of Moran’s co-founders and she has served as a member of Moran’s Board of Directors since its inception in 1990. Ms. Moran-Goodrich has served as Chief Executive Officer and President of Moran from 1999 to 2014. Ms. Moran-Goodrich currently serves as our Chief Executive Officer. In 2010, Ms. Moran-Goodrich was appointed as Chairwoman of Moran’s Board of Directors. Barbara Moran-Goodrich has also served as Chief Executive Officer and President of Transmission City, Inc. from 1999 until 2020. Barbara Moran-Goodrich began working for Transmission City in 1985 and served in many capacities including finance, marketing, customer relations, production and operations. Ms. Moran-Goodrich has served as General Partner of Mor Property Development from 1994 to 2004. She currently serves as Managing Member of Mor Property Development. She has served in that capacity since 2004.

President: Peter Baldine

From 1999 to 2006, Peter Baldine served as our Senior Vice President. From 2007 to 2008, Mr. Baldine served as our Chief Development Officer. In 2008, Mr. Baldine founded Accelerated Development, Inc., a franchise development consulting firm in Morris, Illinois. In 2014 Mr. Baldine rejoined Moran, and serves as our President.

Director, COO: Ron Frydrychowski

Ron Frydrychowski began working for Moran in 1992 as a Transmission Rebuilder/Assistant Technical Director and became our Technical Director in 1995. In 2007, Mr. Frydrychowski became the Chief Operations Officer of Moran and continues to oversee our Technical Department. In 2009, Mr. Frydrychowski was appointed as a Director to Moran's Board of Directors. Mr. Frydrychowski is also one of our franchisees. He has co-owned B & R Transmission, Inc. d/b/a Multistate Transmissions in Oak Forest, Illinois since 2001.

Director, Vice President of Corporate Services: Jack E. Yost, Jr.

Jack E. Yost, Jr. has been employed in the Mr. Transmission franchise system in various capacities, including Center Manager, since 1974, and served as its Vice President of Franchise Development for the Southeastern United States from 1994 to 1999. In 1999, Mr. Yost became our Vice President of Corporate Services. In 2008, oversight of the Fleet Development Department was added to Mr. Yost's responsibilities. In 2009, Mr. Yost was appointed as a member of the Board of Directors.

Secretary, Compliance Director: Roni Bava

In 2011, Ms. Bava joined Moran as Compliance Director. Prior to that, from 2006 to 2011, Ms. Bava held the position of Compliance Director/Paralegal for Francorp, Inc., a franchise consulting firm in Olympia Fields, Illinois. In 2014 Ms. Bava was appointed as Secretary to our Board of Directors.

Controller: Gregory Schmidt

In 2018 Mr. Schmidt joined Moran as Controller. Prior to that, from 2017 to 2018, Mr. Schmidt held the position of Management Controller for FH Ortho, a medical device company in Chicago, Illinois. Prior to that, from 2009 to 2017, Mr. Schmidt held the position of Controller for Chicago Special Events Management, an event planning company in Chicago, Illinois.

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**ITEM 3**      **LITIGATION**

Litigation Against Franchisees Commenced in the Past Fiscal Year:

None

Pending Actions:

Litigation for Breach of Franchise Agreement

Moran Industries, Inc. v Pajoh, Inc., Robert A. Vanek and Patricia J. Vanek. United States District Court for the Northern District of Illinois, Eastern Division (Case No. 19-cv-04721, filed July 12, 2019).

Concluded Actions:

None

Other than the above, no litigation is required to be disclosed in this Item.

**ITEM 4**      **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item

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## **ITEM 5**      **INITIAL FEES**

### **Franchise Agreement**

We offer three different Franchise packages depending on the number of Turbo Tint Stores you wish to operate:

The initial franchise fee for the right to operate a single Turbo Tint Store is \$45,000. The initial franchise fee is nonrefundable and is due in one lump sum at the time the Franchise Agreement is signed.

The initial franchise fee for the right to operate a multi-unit 3-pack for the operation of three Turbo Tint Stores is \$99,000. The initial franchise fee is nonrefundable and is due in one lump sum at the time the Franchise Agreement is signed.

The initial franchise fee for the right to operate a multi-unit 5-pack for the operation of five Turbo Tint Stores is \$165,000. The initial franchise fee is nonrefundable and is due in one lump sum at the time the Franchise Agreement is signed.

We are a member of the International Franchise Association (the "IFA") and we participate in the IFA's VetFran Program, which provides special financial incentives to qualified veterans. Currently, we offer qualified veterans a one-time discount in the amount of \$5,000 towards the initial franchise fee for the purchase of any combination of trademark licenses for start-up franchises. Please ask us for more information about the VetFran program.

If you are opening a Turbo Tint Store you must place a deposit in the sum of \$3,000 as a Warranty Fund Security Deposit (the "Security Deposit") when you sign the Franchise Agreement. The Security Deposit is not to be used during the operation of your Store, however, if the Security Deposit is used to reimburse another franchisee for honoring any warranty for which you are responsible you must replenish the Security Deposit within 10 days of our request. The Security Deposit used at Franchisor's sole discretion may be used to pay for future warranty repairs upon the closing of your Store. The Security Deposit is not applied toward any initial or transfer fee; it is payable in addition to the initial franchise fee. Part or all of the Security Deposit may be applied towards any unpaid amounts or any other fee that you may have failed to pay to us upon termination, expiration or nonrenewal of the Franchise Agreement. The Security Deposit may be refundable ninety (90) days after completion of resale or transfer if terms and conditions are met.

You must pay us a training fee of \$4,000 (the "Training Fee") prior to opening your Store. The Training Fee is required for the first franchised location only. No additional training fee will be required for additional locations, unless we feel it is necessary based upon our evaluation of the performance of the flagship location. If you purchase an existing Store and intend to begin operations prior to completing our required training course, the Training Fee is payable on signing the Franchise Agreement. The Training Fee is nonrefundable. You must also pay us a technician training fee of \$2,500 (the "Technician Training Fee"). The Technician Training Fee is to be paid prior to opening your Store or if you purchase an existing Store and intend to begin operations prior to completing our required training course, the Technician Training Fee is payable on signing the Franchise Agreement. The Technician Training Fee is nonrefundable.

**ITEM 6      OTHER FEES**

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
<b>Weekly Royalty Fee (Note 1)</b>	Currently, 7% of Gross Sales, or a minimum of \$175 (whichever is greater) (Note 2)	Weekly; Due no later than Wednesday of each week for sales made during the prior week (Note 3)	Payable via ACH debit. See definition of Gross Sales (Note 2)
<b>Late Royalty Fee (Note 3)</b>	1% to 3% of weekly Gross Sales	When billed	Payable any week a royalty payment is late
<b>Creative Funds Contributions (Note 4)</b>	Currently 1% of Gross Sales or a minimum of \$100 per month (whichever is greater) We may increase required monthly contributions up to 3% of Gross Sales	Monthly; Due with the first payment of royalties for the month	Payable via ACH debit (if applicable)
<b>Local Advertising (Note 5)</b>	For new locations the first 6 months \$5,000 per month. Beginning month 7 and for the first 3 years, 7% of Gross Sales, or a minimum of \$2,100 per month (whichever is greater) For mature locations 3.5% of Gross Sales, or a minimum of \$1,500 per month (whichever is greater)	As incurred/or as determined by the cooperative	Payable to local advertising company or cooperative. Cooperatives may be formed where there are at least two Stores in a specific area. Company-Owned Stores have no vote in these cooperatives.
<b>Audit Costs (Note 6)</b>	Cost of audit plus interest on amounts at the Default Rate	When billed	Payable should we conduct an audit and it reveals you have underreported any amount you owe us by 2% or more

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
<b>Costs of Enforcement and Investigation (Note 7)</b>	Varied	As incurred	Payable should you fail to comply with your Franchise Agreement. Payable in connection with an investigation of your operations if such investigation reveals any fraudulent or illegal conduct
<b>Transfer Fee (Note 8)</b>	The then current fee (currently \$7,500)	At time of transfer	Payable if you sell your Store
<b>POS System (Note 9)</b>	\$300 per month subscription/license fee	Paid monthly	Paid to Us
<b>Fleet Services – Processing Fee (Note 10)</b>	5% of amount payable to you	Not Applicable	Deducted from monies collected from fleet customers on your behalf
<b>Renewal Fee (Note 11)</b>	The then current renewal fee (currently \$2,500)	At the signing of the then current form of Franchise Agreement	Payable when you renew your Franchise Agreement

Unless otherwise noted, all of the fees above are imposed by us, payable to us and are non-refundable.

NOTES:

1. Royalty Fee. In addition to the initial franchise fees discussed above in Item 5, we will collect a continuing non-refundable weekly royalty fee in an amount equal to 7% of your Gross Sales (defined in Note 2 below) or a minimum of \$175 (whichever is greater). A new Store will be required to pay the weekly royalty of seven percent (7%) but will not be required to meet the minimum of \$175 for the first 6 months of operation. This temporary waiver of the minimum does not apply to the transfer of an existing Store. The royalty fee may be adjusted over the term of your agreement, but will not exceed 10%. If a franchisee continues to operate their Store after expiration of their franchise agreement the royalty fee will automatically increase to 10% until a new then-current form of franchise agreement is signed.

2. Gross Sales. "Gross Sales" is defined as all sales generated of any kind whatsoever, regardless of whether cash payment is actually received by you at the time of the transaction, including credit card sales, redemption of System gift cards and accounts receivable sales, in connection with the operation of the Store or Franchise granted to you including, but not limited to, sales of automotive accessories, film and/or any service or product sold within or without the Store premises, but excluding intra-company warranty repairs. The term "Gross Sales" will not include sales tax, excise tax or other tax with respect to such sales, or revenue you derive from selling or issuing System gift cards, but will include business interruption insurance payments.

3. Royalty Late Payment Charge. If you fail to pay your royalties when due, you will be required to pay the following late payment charges to us: (1) an additional 1% Gross Sales royalty fee must be paid by you in any week where the royalty fee payment is late; (2) for each additional week the royalty fee payment is not paid, an additional 1% Gross Sales royalty fee will accrue against the current week's royalty and the past due royalty, i.e., if late 1 week, the royalty will be 8%; if late 2 weeks, the royalty will be 9%; if late 3 weeks, the royalty will be 10%. After 3 weeks, the royalty will remain at 10% until your royalty account is brought current. For any ACH debit that is declined or check (if we authorize payment by check) returned by your bank, you must pay us a \$50 declined ACH debit (or returned check) charge.

4. Creative Funds Contribution. You will make monthly contributions to the Turbo Tint Creative Fund. We have established and maintain this fund specifically for the creation and production of creative marketing concepts and advertising materials. If you are establishing a Turbo Tint Store, you are currently required to contribute 1% of your Gross Sales or make a minimum contribution of \$100 (whichever is greater) each month to the Creative Fund. You make your required contributions to the Creative Fund with the first weekly royalty payment of the month. Your contributions must be made by ACH debit payable to the applicable fund(s). We allocate your contributions and direct the use of the Creative Fund for the System's benefit and in our sole discretion.

5. Local Advertising. For new locations: In addition to the above, for the first 6 months you will spend the budgeted ramp up plan amount of \$5,000 per month. Beginning month 7 and for the first 3 years after opening, each month you must spend 7% of your Gross Sales, or a minimum of \$2,100 (whichever is greater) on advertising, promotions and public relations in the local area surrounding your franchised business. For mature locations open 3 years and beyond: Each month you must spend 3.5% of your Gross Sales or a minimum of \$1,500 (whichever is greater).

6. Audit Costs. We, or our designated certified public accountants, or other duly authorized agents will have the right during business hours to audit or examine, at our expense, your books, business machines, records, tax returns and any other returns. You will be required to immediately remit to us any charges that an audit reveals are due plus interest at the lesser of 18% or the highest rate allowed by law from the date any such charge became due. If an audit discloses an error in the computation of the total Gross Sales made from or on the premises in excess of 2%, you will be required to pay or reimburse us for any and all expenses incurred by us in connection with the audit, including, but not limited to, legal and accounting fees. This right of our or our accountants or authorized agents continues for a period of 180 days after expiration or termination of your Franchise Agreement.

If an audit discloses missing invoices which have previously been assigned to you, you agree that for each missing invoice not presented to us, you will pay the then current royalty fee/percentage on each missing invoice based on an amount equal to \$500 for each invoice the average invoice sale for the Store or Franchise (whichever is greater).

7. Costs of Enforcement and Investigation. You must reimburse us our reasonable costs and expenses to enforce the Franchise Agreement if you fail to comply. These costs may include collection costs, investigatory costs, attorney's fees, court costs and other similar costs. We or our designated agent have the right at all times to conduct investigations of your operations, work ethic and customer service. In conducting these investigations, you must permit us or our designated representative complete access to your books, business machines, records, premises/Van (as defined below and as applicable) and operations, and allow us to interview your employees. If any investigation reveals that you have committed any fraudulent or illegal act with

respect to the operation of the Store or Franchise, in addition to any other rights and remedies we may have under the Franchise Agreement, you must reimburse us for the expense of the investigation, any additional costs we incur, and our attorney's fees. Fees, costs and expenses are also payable to us if we prevail in a suit, action or proceeding.

8. Transfer Fee. If the franchise granted in the Franchise Agreement is transferred by you pursuant to Section 24 of the Franchise Agreement (see Item 17 of this franchise disclosure document for the conditions and terms under which you may assign), you must pay our then current transfer fee, which fee is currently \$7,500. In addition, if we incur any extraordinary costs, you will be responsible for all reasonable costs and expenses incurred by us as a consequence of such assignment.

9. POS, E-commerce and Appointment Scheduling Subscription/License Fee. We require you to use the POS System designated by us, currently Spotify, to manage your Store. The software program performs various functions such as preparation and production of customer invoices, cost of services, record keeping, appointment scheduling and e-commerce functions for your online store, product add-on's, online gift cards, page design, email and store analytics. You will be required to update your software system as updates are made available.

10. Fleet Services – Processing Fee. If you provide services to a fleet customer that we arranged through our fleet services division, we collect payments on behalf of all the franchisees servicing the customer and then remit payments to you and the other franchisees. We deduct a 5% processing fee for our administration of a centralized billing and payment system. The fee is deducted from payments collected from the fleet customers and the remainder is remitted to you and other franchisees for services rendered.

11. Renewal Fee. At the end of the term of the Franchise Agreement, we require that you pay a renewal fee to continue your license for the use of our Proprietary Marks and System.

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**ITEM 7      ESTIMATED INITIAL INVESTMENT****YOUR ESTIMATED INITIAL INVESTMENT****TURBO TINT STORE(S)**

<b>Type Of Expenditure</b>	<b>Amount Single Store</b>	<b>Amount Multi-Unit 3 Stores</b>	<b>Amount Multi-Unit 5-Stores</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
<b>Franchise Fee</b> (Note 1)	\$45,000	\$99,000	\$165,000	Lump sum	At signing of Franchise Agreement	Us
<b>Computer/ POS System</b> (Note 2)	\$3,000 to \$5,000	\$3,000 to \$5,000	\$3,000 to \$5,000	As incurred	Prior to opening	Approved Supplier
<b>VOIP Telephone Equipment Package</b> (Note 3)	\$510 to \$900	\$510 to \$900	\$510 to \$900	Lump sum	Prior to opening	Approved Supplier
<b>Initial Inventory, Various Supplies, and Tools</b>	\$30,000 to \$40,000	\$30,000 to \$40,000	\$30,000 to \$40,000	Lump sum or as incurred	Prior to opening	Us or Approved vendors
<b>Equipment, Furniture, Fixtures, Displays and Installation</b> (Note 4)	\$30,000 to \$40,000	\$30,000 to \$40,000	\$30,000 to \$40,000	Lump sum or as incurred	Prior to opening	Us or approved independent third parties
<b>Vehicle Lease/ Purchase Down Payment</b> (Note 5)	\$1,000 to \$3,000	\$1,000 to \$3,000	\$1,000 to \$3,000	Lump sum or as incurred	Prior to opening	Independent third parties
<b>Vehicle Wrap</b> (Note 6)	\$2,000 to \$3,500	\$2,000 to \$3,500	\$2,000 to \$3,500	Lump sum	Prior to opening	Approved vendors or independent third parties

<b>Type Of Expenditure</b>	<b>Amount Single Store</b>	<b>Amount Multi-Unit 3 Stores</b>	<b>Amount Multi-Unit 5-Stores</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
<b>Signs</b> (Note 7)	\$6,000 to \$18,000	\$6,000 to \$18,000	\$6,000 to \$18,000	Lump sum or as incurred	Prior to opening	Us or approved independent third parties
<b>Initial Marketing Campaigns</b> (Note 8)	\$30,000	\$30,000	\$30,000	As incurred	Prior to opening and during the first 6 months of operation	Approved independent third parties
<b>Warranty Fund Security Deposit</b> (Note 9)	\$3,000	\$3,000	\$3,000	Lump sum	Prior to opening	Us
<b>Leasehold Improvements/ Miscellaneous</b> (Note 10)	\$20,000 to \$35,000	\$20,000 to \$35,000	\$20,000 to \$35,000	As arranged	Prior to opening	Approved independent third parties
<b>Rental/Utility Deposits</b> (Note 11)	\$6,000 to \$9,000	\$6,000 to \$9,000	\$6,000 to \$9,000	As arranged	Prior to opening	Independent third parties
<b>Technician Training Fee</b> (Note 12)	\$2,500	\$2,500	\$2,500	Lump sum	Prior to opening	Us
<b>Training Fee</b> (Note 13)	\$4,000	\$4,000	\$4,000	Lump sum	Prior to opening	Us
<b>Training Expenses</b> (Notes 12 and 13)	\$1,500 to \$2,500	\$1,500 to \$2,500	\$1,500 to \$2,500	As incurred (for your out-of-pocket expenses)	Prior to opening	Independent third parties

Type Of Expenditure	Amount Single Store	Amount Multi-Unit 3 Stores	Amount Multi-Unit 5-Stores	Method Of Payment	When Due	To Whom Payment Is Made
<b>Additional Funds</b> (6 months) (Notes 14 and 15)	\$30,000 to \$40,000	\$30,000 to \$40,000	\$30,000 to \$40,000	As incurred	Prior to and after opening	Independent third parties
<b>TOTAL</b>	\$214,510 to \$281,400	\$268,510 to \$335,400	\$334,510 to \$401,400	See above	See above	See above

Unless otherwise noted, all of the fees above are non-refundable.

NOTES:

1. Franchise Fee. The initial franchise fee is due in full on signing the Franchise Agreement. The initial franchise fee for a single Turbo Tint Store is \$45,000. The initial franchise fee for a multi-unit 3-pack is \$99,000. The initial franchise fee for a multi-unit 5-pack is \$165,000. When you sign a lease for additional Turbo Tint Businesses, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) for each of the additional Stores.

2. POS System. This category includes estimated costs for the POS System consisting of the hardware and software that you will need to operate a Turbo Tint Store. Estimated costs are based on the purchase of a desk top and a lap top computer for a Turbo Tint Store, software licenses and an internet connection.

3. VOIP Telephone Equipment Package. You must purchase a VOIP telephone package supplied by our approved supplier. The cost represents initial activation fees, and the required equipment consisting of 3 telephones and accompanying hardware. The high estimate includes optional hardware items.

4. Equipment, Furniture, Fixtures, Displays and Installation. This is an estimate of equipment costs for a fully equipped Turbo Tint Store as well as certain equipment for a Van (see Note 5 below). The equipment for the Van includes a ladder system which is used to install window film at various heights which cannot be reached from the ground. Some equipment may be financed and/or leased from an independent third party.

5. Vehicle Lease/Purchase Down Payment. You must purchase or lease a new or late model van that meets our specifications, such as a Chevrolet Express 1500 (the "Van"). The Van must be white in color. The range of expenses listed for this item reflects an estimate of the down payment you would pay upon signing a lease for the Van.

6. Vehicle Wrap. You must purchase a vehicle wrap for your Van. We will provide you with a copy of the design which a local sign company will use to create and install your vehicle wrap. If you use a vehicle other than the recommended Chevrolet Express 1500, you may incur additional expense to modify the vehicle wrap design to suit your vehicle.

7. Signs. You must purchase two signs, a road sign and interior sign, advertising your Store or Co-Store, in accordance with current specifications and in compliance with any local codes or ordinances. The cost of interior signs is included within the estimated costs for the category "Equipment, Furniture, Fixtures, Displays and Installation" (see Note 3 above). The cost of a road sign may vary depending on a variety of circumstances, including local ordinances, restrictions, and installation costs and does not include any costs for electricity to the sign, any fees, freight or taxes. You must also pay the costs for (1) complying with applicable law and obtaining all permits and licenses; (2) insurance coverage; and (3) connection, maintenance and cost of supply of electricity, relative to the sign.

8. Initial Marketing Campaigns. These funds are to be used to ensure adequate promotion of your Turbo Tint Store from pre-opening through the first 6 months of operation. The funds will be used for pre-opening, grand opening and other initial advertising expenses which may include pre-printed marketing materials, advertisements in local newspapers in your market, local radio advertising and grand opening materials.

9. Warranty Fund Security Deposit. See Item 5, "Security Deposit" for a description of this one-time payment.

10. Leasehold Improvements/Miscellaneous. To adapt a newly acquired facility for operation of your Turbo Tint Store it must be renovated. The cost of leasehold improvements will vary depending on factors including, the size, condition and location of the facility, local wage rates and the cost of materials. The low estimate is based on the assumption that your landlord will provide a partial build-out allowance.

11. Rental/Utility Deposits. You must lease or otherwise provide a suitable facility for the operation of the Turbo Tint Store. Estimated costs of utility deposits to establish service for electric and gas are included in this category of costs. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services. The amount of the deposit will vary depending on the local utilities. Lease acquisition costs will vary based on square footage, cost per square foot and required maintenance costs. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. The low estimate in this category is based on an assumption that you will have to pay a security deposit equal to 2 months' rent to lease the facility. The high estimate is based on an assumption that you will have to pay a security deposit equal to 3 months' rent at a higher cost per square foot. The estimated range of costs for rental/utility deposits in this category only includes your costs to enter into a lease agreement for the facility and establish utility services. Estimated rent payments and utility costs for 6 months are included with the category, "Additional Funds," (see Notes 14 and 15 below).

12. Technician Training Fee/Expenses. You must pay a fee for the technician training course. You are also responsible for transportation to and from Oklahoma City, Oklahoma (or other location we may designate), lodging, vehicle rental, meals or any other out-of-pocket expenses while you attend the training courses. Based upon your test scores and our evaluation, if additional "field" training is necessary the out-of-pocket expenses will increase.

13. Training Fees/Expenses. You must pay a fee for the classroom and field training courses. The training fee is required for the first Store only. If you will be opening additional Stores you will not be required to pay an additional training fee for each, unless we feel it is necessary based upon our evaluation of the performance of the flagship location. You are also responsible for transportation to and from Orland Park, Illinois (or another location we may designate), lodging, vehicle rental, meals or any other out-of-pocket expenses while you attend the training courses.

Based upon your test scores and our evaluation if additional training is necessary the out-of-pocket expenses will increase.

14. Additional Funds. This estimates your initial start-up expenses for the opening and initial period of operating your Turbo Tint Store. The estimated range of expenses is based on an initial period of approximately 6 months. These expenses include typical operating costs as in payroll costs, rent, loan payments, commissions, utilities, insurance premiums, business licenses and permits. We estimate that the above-referenced amount will be sufficient to cover on going expenses for the start-up phase of the business. This is only an estimate; we do not represent or guarantee, and there is no assurance that additional working capital will not be necessary during the start-up phase or after. . We have relied on our years of experience in awarding franchises for automotive window tint, automotive accessories and flat glass film to compile these estimates.

15. Additional Funds Cont'd. If you are seeking financing in connection with establishing a Turbo Tint Store, you are responsible in all cases for obtaining such financing. The availability of such financing will depend on factors such as the availability of financing generally, your credit worthiness, security which you may have, and various other factors considered by the lender.

The typical franchisee leases, rather than purchases, the land and building to be used in the franchise business. The approximate size of the building will generally range from 2,000 to 3,000 square feet with the standard size considered to be 2,500 square feet. The size of the real property on which the building is located will vary widely, depending on many factors such as availability and need. The minimum acceptable size for the real property is 5,000 square feet. You may incur a broker's fee if you decide to hire a broker to assist you with your lease, but it is not necessary that you do so. In certain instances, we may purchase or lease the building or land on which the franchise is to be located and will lease or sublease said building and land to you. In such instances lease payments will be made directly from you to us. Such rental payments may be greater than the payments made by us to the original lessor. However, we have no present plans to purchase or lease any property or lease or sublease to any franchisee and reserve the right to do so.

All of the above previously discussed costs are estimates only. Actual costs may vary depending upon a variety of factors including the area where the franchise is located. We make no representation or guaranty that your initial expenditures or investment will not exceed the estimates. A schedule of equipment is available for your review.

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

### **Required Purchases**

You must purchase or lease (as applicable) equipment, including computer hardware and software, signs, furniture, fixtures, supplies, tools, inventory, internet marketing and advertising services and items displaying our Proprietary Marks under our specifications in the Manual. You must also purchase or lease a vehicle and purchase a vehicle sign wrap under our specifications in the Manual. These specifications include standards and specifications for appearance, quality, price, performance and functionality. These standards and specifications are based on our experience in operating businesses of the type we are franchising and through industry research and testing in our franchisees' businesses. We may communicate our standards and specifications directly to suppliers who wish to become a designated or approved supplier for our franchisees. We communicate our standards and specifications to you when we evaluate your proposed Turbo Tint Store location, during training, during on-site visits and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices.

### **Required and Approved Suppliers and Revenue from Franchisee Purchases**

You must purchase sales invoices and repair orders (if applicable) from the Turbo Tint Creative Fund. The Creative Fund is the only approved supplier of sales invoices and repair orders.

You must purchase your POS System and software from approved suppliers. As part of your computer software and hardware system you are required to purchase QuickBooks. The online version is preferred, but the desktop version is acceptable. You will use the designated Chart of Accounts as provided by us.

During the first year you must use our approved marketing vendors and follow the one-year marketing strategy developed with you during the Marketing Training Class.

We have established a VOIP (voice over internet protocol) telephone system. You must purchase all telephone equipment from and pay an activation and monthly telephone service fee to our approved supplier. The monthly service fee includes one local number, one fax number and call recording features. Additional lines may be added for an additional charge. We will own the number(s) you are permitted to use, and we reserve the right to eliminate service or redirect calls at any time upon your failure to cure any default we advise you of in writing. You may not have or use any other numbers associated with your Store without our express written permission, which we have the right to grant or deny for any reason.

In the year ending December 31, 2020, the Turbo Tint Creative Funds were established but did not derive any revenue from the sale of repair orders and sales invoices to Turbo Tint franchisees. The cost of repair orders and sales invoices purchased from the Creative Funds will represent less than 1% of your total purchases in establishing a Turbo Tint Store and less than 1% of your annual operating costs.

In the year ending December 31, 2020, we did not supply any initial equipment, inventory, tools, and supplies or derive any revenue from the sales of these items to Turbo Tint franchisees. The cost of the initial equipment and other items purchased from us or another approved supplier will represent approximately 30% to 35% of your overall purchases in establishing a Turbo Tint Store and 0% of your annual operating costs.

We do not currently have any other rebate programs in place for franchisees, but we reserve the right to derive revenue from franchisee purchases from other approved suppliers in the future.

No purchasing or distributing cooperatives have been established. We do not provide any material benefits such as renewal or the grant of additional franchise rights based on a franchisee's purchase of particular products or services or use of particular suppliers. We negotiate purchase arrangements and preferred vendor pricing with suppliers for the benefit of franchisees. We do not have any purchasing or distribution cooperatives.

We also require you to use approved suppliers for certain categories of products and services such as internet marketing and advertising services and materials, business website development services, domain name registration services equipment and inventory.

These suppliers have been selected for the quality and durability of their products as well as their longevity in business and business reputation. If you would like to purchase these products or services from other suppliers, the supplier must meet our approval and our supplier standards will be provided to you as outlined in a pre-opening manual. You must submit your written proposal to us and we will review the supplier for quality, reputation and performance. We will reply to your proposal within 30 days. We do not provide material benefits to a franchisee based on the franchisee's purchase of particular products or services or use of particular suppliers.

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## Insurance

The following insurance is required (minimum requirements):

- Broad Form Commercial General Liability coverage, which must include Product Liability Insurance, with a minimum limit of One Million Dollars (\$1,000,000) per occurrence/Two Million Dollars (\$2,000,000) aggregate covering Bodily Injury and Property damage; Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as “Additional Insured/Franchisor”;
- Excess Liability/Umbrella policy with a minimum limit of One Million Dollars (\$1,000,000) over the CGL policy; This coverage extends to cover General Liability, Automobile Liability and Employer’s Liability;
- Automobile Liability coverage with One Million Dollars (\$1,000,000) combined Single Limit for All Owned Autos, Non-Owned Autos and Hired Autos; Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as “Additional Insured/Franchisor”;
- Garagekeeper coverage with minimum amount of Twenty Thousand Dollars (\$20,000) per service bay at your Store;
- Special Cause of Loss coverage on your Store including equipment, improvements, furnishings, fixtures and inventory for the full values and Business Interruption;
- Worker's Compensation and Employer's Liability coverage with minimum liability limits of One Hundred Thousand Dollars (\$100,000), or statutory amounts, whichever is greater; (required even if your Store is located in a state that does not mandate Worker’s Compensation Insurance);
- Data Breach and Cyber Liability Insurance; to include third party coverage for lawsuits, as well as first party coverage for business interruption losses, cyber extortion and regulatory fines and expenses.
- Employment Practices Liability Insurance to include first and third parties, with a minimum limit of Fifty Thousand Dollars (\$50,000); Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as “Additional Insured/Franchisor”; and
- Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as “Additional Insured/Franchisor” on some of the insurance policies listed above including, Commercial General Liability, Automobile Liability and Employment Practices Liability Insurance (third parties).

The insurance requirements listed are minimum standards and required under your franchise agreement. These minimum requirements do not serve as legal advice. You should consult your insurance agent or independent legal counsel in order to determine what additional coverage, if any, is most suitable for your individual business needs.

The standards, specifications and designation of approved suppliers disclosed above are required for the purpose of protecting the proprietary marks and maintaining uniformity and consistency. You are obligated to investigate and comply with federal, state and local laws and regulations and we will vary our standards, specifications and designation of approved suppliers at your request if necessary to comply with any law or regulation.

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

For Franchisees

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item In Disclosure Document</b>
a. Site selection and acquisition/ lease	Sections 1, 2, 4, 6(j), and 34 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Item 11
b. Pre-opening purchases/leases	Sections 5, 14, 16, 20, and 34 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Items 6, 7, and 8
c. Site development and other pre-opening requirements	Sections 4, 5, and 6 of Franchise Agreement	Items 5, 7, and 11
d. Initial and ongoing training	Section 6 of Franchise Agreement	Item 11
e. Opening	Sections 1, 2, 4, 5, and 6 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Item 11
f. Fees	Sections 6, 11, and 12 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 7 and 8 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 7, 13, and 23 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 6, 8, 15, 16, and 18 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Sections 8, 17, and 18 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Not Applicable	Item 12

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item In Disclosure Document</b>
l. Ongoing product/service purchases	Section 15 of Franchise Agreement	Item 8
m. Maintenance appearance and remodeling requirements	Section 8 of Franchise Agreement	Item 11
n. Insurance	Section 20 of Franchise Agreement	Items 6 and 8
o. Advertising	Section 19 of Franchise Agreement	Items 6 and 11
p. Indemnification	Sections 20 and 22 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 6, 8, and 22 of Franchise Agreement	Item 6
r. Records and reports	Sections 12, 13, and 14 of Franchise Agreement	Item 6
s. Inspections and audits	Sections 12 and 13 of Franchise Agreement	Items 6 and 11
t. Transfer	Section 24 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 3 of Franchise Agreement	Item 17
v. Post-termination obligations	Sections 28, 29, and 30 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Item 17
w. Non-competition covenants	Sections 26 and 28 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Item 17
x. Dispute resolution	Section 39 of Franchise Agreement	Item 17

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## **ITEM 10      FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligations. We do not represent, warrant, or guarantee that you will be successful in obtaining financing from any lender and cannot predict the terms of such financing. Your lender may require you to grant a security interest in favor of the lender in all personal property, equipment, inventory and fixtures used in connection with the operation of your Turbo Tint Store.

If you request we will provide you with contact information for the following lending organizations that can provide financing options relative to your investment needs and requirements for the purchase of equipment necessary to establish the franchise through third-party lenders. You will be solely responsible for obtaining any necessary financing and for any additional fees or expenses imposed by a broker or lender. Your ability to obtain financing is based on your credit worthiness as decided by the lending organizations. We do not receive payments from any third-party financing assistance.

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

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

### **Pre-Opening Assistance**

Before you open a Store, we will:

(1) Designate your Territory or Territories;

(2) Furnish you with our standard site plans and specifications for a Turbo Tint Store upon your request if the building for the Turbo Tint Store is to be constructed after your Franchise Agreement is signed. (See Section 4 of the Franchise Agreement.);

Upon receiving the initial franchise fee, we or our approved vendor will provide you with assistance in assessing the market, coordinating with brokers and finding a suitable site for your Turbo Tint Store. We will also provide you with a site selection manual outlining specifications of a build-to-suit location or those of a retrofit of an existing building. Included will be a step-by-step selection process you will follow under our monitoring and direction. Those steps include locating competition, making phone inquiries of possible sites and submitting the necessary information to us for approval. You must submit to us a copy of your lease, sublease with any amendments, leasehold improvement plans, or if you are purchasing real estate, the letter of intent, for our review and approval prior to your signing.

(3) Evaluate the site where you propose to establish a Turbo Tint Store for the purpose of approving the site. The responsibility and costs incurred for selecting a site are your sole responsibility. Our approval of any site is not a guarantee or warranty in any way that a Turbo Tint Store established at the site will be successful. (See Section 6(j) of the Franchise Agreement.);

(4) Loan you a copy of our Manual and other operational materials. (See Section 8 of the Franchise Agreement.);

(5) Furnish you with detailed specifications for all outdoor and indoor signs to be used on the premises of the Turbo Tint Store. (See Section 5 of the Franchise Agreement.);

(6) Furnish you with written specifications for equipment, fixtures, opening inventory and supplies. You may purchase these items from an approved supplier.;

(7) Furnish you with detailed specifications for the vehicle wrap to be used on your Van, as well as specifications for equipment to be installed in the Van. (See Section 21 of the Franchise Agreement.);

(8) Provide you with mandatory training, including an intensive 2-week classroom training program consisting of Store franchise owner/operator training and technician training, as well as a 1-week in-store "field" training program. Our initial training program is described in greater detail under the heading, "Training" below. We may also make available to you additional training courses during the term of the Franchise Agreement. Based upon our evaluation of your test scores and at our discretion we may require additional "field" training up to 3 weeks. In addition, you may be required to complete specific training courses and testing on Moran University from time to time.(See Section 6 of the Franchise Agreement.); and

(9) Assist you in developing an initial advertising plan. Provide you with specifications and designs for the development of marketing materials, including business cards, flyers, brochures, point-of-sale materials and other promotional materials.

#### Site Selection and Opening

Upon receiving the initial franchise fee, we or our approved vendor will provide you with assistance in assessing the market, coordinating with brokers and finding a suitable site for your Turbo Tint Store. We will also provide you with a site selection manual outlining specifications of a build-to-suit location or those of a retrofit of an existing building. Included will be a step-by-step selection process you will follow under our monitoring and direction. Those steps include locating competition and other automotive aftermarket related stores, making phone inquiries of possible sites and submitting the necessary information to us for approval. While we will not unreasonably withhold our approval of a site, if we cannot agree with you on a site, you could forfeit your initial franchise fee.

You must obtain our written approval of any site selected by you in the designated marketing area for operation of the Turbo Tint Store. Our time frame for approval of your selected site is within 10 days of a Landlord's acceptance of your Letter of Intent. Approval must be obtained and operations must commence within one year from the date of the Franchise Agreement. We may, at our sole option, extend the time period for such approval. Factors that may affect the time period include ability to obtain a lease, financing, or building permits, zoning and local ordinances, weather conditions or delayed installation of equipment, fixtures and signs. We may terminate the Franchise Agreement at our option if you have not obtained an exact location approved in writing by us and operations have not commenced operations all within this one-year period, unless extended by us.

We do not need to approve the area in which you select a site as long as it does not infringe on another franchisee's area. We will not unreasonably withhold approval of your selected site. Factors we consider in selecting and approving sites include, without limitation, number of registered vehicles, population, proximity to other Turbo Tint Stores and the physical characteristics of the proposed premises.

While we will not unreasonably withhold our approval of a site, if we cannot agree with you on a site, you could forfeit your initial franchise fee.

If an exact location for the Turbo Tint Store is designated in the Franchise Agreement, you must commence operations within 120 days of the date you sign the Franchise Agreement. Our approval or disapproval of a site does not affect your obligations to timely commence operations.

If you are a conversion franchisee, you are already approved for the conversion of the location of your independent store to a Turbo Tint Store when you sign the Franchise Agreement. The current location of your independent store will be designated in the Franchise Agreement and you will be provided our specifications for conversion. You must begin operations of the Turbo Tint Store within 60 days of the date you sign the Franchise Agreement.

### **Post-Opening Assistance**

During the operation of your Store, we will:

(1) Provide additional assistance, supervision, advice or services to you at our sole discretion. (See Sections 6(k) and 10 of the Franchise Agreement.);

(2) At our option, schedule mandatory conferences from time to time to which all franchisees or their representatives will be invited, which may cover such topics as merchandising techniques, sales and marketing, financial management, automotive and architectural window tint and/or service, paint protection film and product technical updates, performance standards, advertising programs, and procedures. These training sessions will be at our expense, but you will be responsible for your own expenses for transportation, food, lodging and other costs in attending. (See Section 6(l) of the Franchise Agreement.) ;

(3) Furnish from time to time, at our sole discretion, counseling and advisory services and suggestions in the planning and development of your business. (See Section 10 of the Franchise Agreement.) ;

(4) At our sole discretion, apprise you from time to time of our plans, policies, research, and new developments by means of bulletins, brochures, reports, and at our option, by periodic visits of our field representatives. (See Section 10 of the Franchise Agreement.) ;

(5) Permit you to attend, at your cost and expense, any national or regional meetings sponsored by us for System franchisees. (See Section 10 of the Franchise Agreement.) ;

(6) Conduct from time to time, at our sole discretion and expense, research and development into the areas of products and methods of operation, and make the results of this research and development available to you. (See Section 10 of the Franchise Agreement.) ;

(7) Provide creative advertising and promotional tools which may be developed from time to time by us through the Turbo Tint Creative Fund to you or to the chairman of the local advertising group if one exists in your area. (See Section 10 of the Franchise Agreement.) ;

(8) Provide protection against trademark or service mark infringement as regards any Proprietary Marks, including the institution of a suit or complaint when we think it advisable. (See Section 10 of the Franchise Agreement.); and

(9) Indemnify you against claims which may be asserted for service mark or trademark infringement of any of the Proprietary Marks authorized by us for use by you. (See Section 10 of the Franchise Agreement.).

## Advertising

Our in-house marketing department provides marketing assistance with ideas and concepts. We do not engage in a national advertising program, but we work with national and local agencies in negotiating preferred vendor pricing for the benefit of our franchisees. For new Stores; for the first 6 months you will spend the budgeted ramp up plan amount of \$5,000 per month. Beginning month 7 and for the first 3 years of operation of your new Store you must spend 7% of your Monthly Gross Sales, or a minimum of \$2,100 (whichever is greater) on advertising your franchise Store in your local marketing area. This will help to establish your Store in the marketplace in order for you to grow your business. After the first 3 years, as your franchise Store matures, you are only required to spend 3.5% of your Monthly Gross Sales or a minimum of \$1,500 (whichever is greater) on advertising your Store in your local marketing area.

If operating in a multi-owner market you must get our written approval in advance of using any geo-targeted key words for the internet advertising of your location. We do not spend any funds on advertising your franchised business in your area or territory.

We allow our franchisees to use their own advertising materials, but any and all advertising materials must be approved in writing by us prior to use. If using an outside vendor for print you must obtain our written approval first. You must use our approved print vendors for anything with the Turbo Tint trademark or slogan including business cards, brochures, direct mailers or flyers. Approved materials may be disseminated in the form of radio, television, print, or through the Internet and the coverage is local and regional. We do not provide any media coverage at either the local, regional or national level.

You must use our brand website to advertise your Store. We have the right to monitor and regulate the establishment and use of our franchisees' linked home pages or other electronic communications using the Proprietary Marks. We register and maintain all domain names for your Store.

We will create a business Facebook account and Google listing for you. You may post additional posts to your page, but must do so using our guidelines as outlined in the Manual.

You will sell window tint, paint protection and any other service we approve on your locally approved website and any additional electronic medium using our guidelines and geo-targets. You will use Google and other internet search engines with pay-per-click (PPC)/search engine marketing (SEM) advertising using our specified keywords for Turbo Tint.

### **Allocation of Production and Administrative Expenses**

We have developed and maintain the Turbo Tint Creative Fund for the creative design of marketing and advertising materials and concepts to be used by franchisees on a local level. The Creative Funds are funded through contributions by franchisees. If you are establishing a Turbo Tint Store you will make monthly contributions equal to 1% of your Gross Sales or \$100, whichever is greater to the Turbo Tint Creative Fund.

We often consult an advisory alliance comprised of franchisees before any funds are spent. To date, monies spent from the Creative Funds have been spent on creative design, artwork development, production and promotional items. No monies are spent from the Creative Funds on placement of advertising. We use a portion of these monies to offset expenses in the administration of the Creative Funds or in the in-house preparation of marketing and advertising materials. An accounting of the Creative Funds is made available to the franchisee advisory

alliance (the "FAA"). Upon your written request, we will provide you with an accounting of the Creative Funds.

The Creative Fund was established in 2020. We estimate that 90% of the Creative Funds will be spent on creative design and development of websites, content, marketing materials, programs and other advertising and promotional tools and 10% will be spent on general and administrative expenses. All monies that are not used during the year in which they accrue will carry over into the next year. None of the funds (0%) are used to pay for advertising to solicit sales of franchises. You may obtain an accounting of expenditures of the Creative Funds by contacting our Accounting Department and requesting an accounting. The balance of advertising funds not spent in the fiscal year in which they accrue will roll over into the next fiscal year. Joint approval by us and the FAA is required if the Creative Funds or any other advertising cooperatives are changed, dissolved or merged. The FAA does not have the authority or shared approval on how Creative Funds are disbursed or the content of the material developed.

Our direction, monitoring and regulation with regard to any advertising program or website and any approval of advertising materials is not a guarantee or warranty in any way that the advertising program, website or materials comply with law. Our direction, monitoring, regulation and approval is for the purpose of protecting the Proprietary Marks and maintaining brand uniformity and consistency. You are solely responsible for determining if any advertising program, website and advertising material comply with consumer advertising laws and regulations which are applicable to the Store. You receive an automatic variance from our advertising standards, requirements or specifications whenever the variance is necessary to comply with any consumer advertising law or regulation.

#### Franchisee Advisory Alliance

We have established a franchisee advisory council, named the Franchisee Advisory Alliance ("FAA"). The FAA is not organized under the laws of any state. The FAA is comprised of qualified franchisees and serves in an advisory capacity. The FAA has no specific operational or decision-making power, but we do give significant weight to input from the FAA in the formation of new system policies, procedures and advertising programs. The current FAA members were selected in a combination of elections by the franchisees.

## Computer and Cash Register Requirements

You must purchase and use any hardware and software programs we designate in accordance with our specifications for the operation of applicable brands. Presently, to operate a Turbo Tint Store, you must purchase an iPad or comparable Wi-Fi tablet and the following hardware and software:

### Tablet/Notebook

<b>Hardware</b>
Tablet/ Notebook Computer (MacBook Pro, Lenovo, Acer or comparable) - <u>CPU</u> : 2.5 GHz or higher - <u>Memory</u> : 8GB Storage 256GB - <u>Ports</u> : 4 USB
HP Officejet 100 Color Ink Jet Mobile Printer (or comparable mobile printer)
<b>Software</b>
Windows® 10 Professional 64-bit (preinstalled)
Microsoft Office Home and Business 2013 or newer (Includes Word, Excel, PowerPoint, One Note and Outlook)
POS/Sales Management Software
QuickBooks
Wi-Fi compatible
Webroot Internet Security Complete Antivirus Software (or equivalent program)

You will use your computer system(s) with the above components as a sales and business management system, for the storage of customer, sales and other financial data. Your computer system will enable you to generate electronic sales and other required reports, sales invoices and repair orders that may be transmitted electronically to us. The approximate cost of the hardware and software is \$3,000 to \$5,000. This cost is included in the category of "Computer Systems" in Your Estimated Initial Investment chart.

In addition you must maintain a subscription/license to a point of sale management software program, available through our approved supplier. You pay monthly subscription/license fees of \$160 per month to our approved supplier.

## Manuals

We may have independent access to information stored on your computer system. We may require you to purchase, lease and license new or modified computer hardware and software at your cost. There are no limits on our right to require you to conform to new specifications.

If you are operating a Turbo Tint Store, we will provide to you, on loan, one copy of the Turbo Tint Manual and other supplementary materials. The Turbo Tint Manual currently contains approximately 229 pages. The following table identifies the subjects contained in the Manual and number of pages devoted to each subject:

**TURBO TINT MANUAL TABLE OF CONTENTS**

Manual Section	Pages
Introduction to the Manual	3
Introduction to Our Franchise System	4
Understanding Franchising	8
Pre-Opening Procedures	14
Human Resources	57
Daily Operating Procedures	52
Turbo Tint Automotive-Customer Experience	8
Turbo Tint Architectural-Customer Experience	9
Marketing	65
Finance and Accounting	7
Additional Resources	2

The Manual is available for inspection at our offices prior to signing the Franchise Agreement.

Training

Our initial training program consists of the following components:

- (1) A 1-week franchise owner/operator training program we conduct at our support center in Orland Park, Illinois or another location we designate;
- (2) A 1-week store management and technician training program we or our designated representative conducts in Oklahoma City, Oklahoma or another location we designate; and
- (3) A 1-week in-store “field” training program we or our designated representative conducts in Oklahoma City, Oklahoma or at another currently operating Turbo Tint Store we designate. Based upon your test scores and our evaluation, we may, at our discretion, require additional “field” training up to 3 weeks at a currently operating Store.

The initial training program is conducted quarterly.

From time to time we may require additional training programs that we think necessary. There are no limits on our right to require you to attend additional training programs during the term of the Franchise Agreement.

**FRANCHISE OWNER/OPERATOR TRAINING**

<b>Consists of:</b>	Classroom instruction regarding leadership and management, marketing, business procedures, forms, labor guidelines, product knowledge, installation training, sales training, bookkeeping, and other administrative functions and operational matters.
<b>Who Attends:</b>	Sole owner or one of the owners that will be in charge of operations must attend. If space permits and you request, up to 2 additional attendees may also attend at your option. We may limit access of an optional attendee to certain portions of our initial training program if he or she is not a co-owner.
<b>When:</b>	Before the opening of the Store.
<b>Where:</b>	Orland Park, Illinois or another location designated by us for classroom instruction.
<b>Duration:</b>	Approximately 1 week.
<b>Attendance:</b>	Mandatory.
<b>Completion:</b>	Must be completed to our satisfaction prior to commencing operations or the opening of your Store. There is no set time after signing the Franchise Agreement or before opening by which you must complete franchise owner/operator training, as long as it is completed to our satisfaction prior to opening.
<b>Costs:</b>	If you are operating a Store, you must pay a training fee of \$5,000 to attend all components of our initial training program. Up to 2 additional attendees of your choosing may also attend at no additional cost. You are also responsible for the payment of expenses for travel, transportation, lodging, meals, and other living expenses that you or your attendees incur to attend and complete franchise owner/operator training.
<b>Special Information:</b>	If your Store is not operational within 180 days after the completion of the initial training program, the appropriate individual may be required to re-attend and complete portions of the training to our satisfaction.

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## STORE MANAGEMENT AND TECHNICIAN TRAINING

<b>Consists of:</b>	Classroom instruction regarding proper management procedure, telephone procedures, time management and technician instruction and procedures.
<b>Who Attends:</b>	Sole owner or one of the owners that will be in charge of operations must attend. Also, if you designate another individual who will manage the sales or production of your Store or who will otherwise function as a manager, he or she must also attend. If space permits and you request, up to 2 additional attendees may also attend at your option. We may limit access of an additional attendee to certain portions of our initial training program if he or she is not a co-owner.
<b>When:</b>	A consecutive week before or after franchise owner/operator training. Any person whom you desire to appoint as store manager after its opening must attend the next available store management training program after assuming duties as a manager.
<b>Where:</b>	At an existing store location in Oklahoma City, Oklahoma or another location designated by us.
<b>Duration:</b>	A period within our discretion (typically 1 week).
<b>Attendance:</b>	Mandatory for you. At your request, we may waive the required attendance of a manager if he or she has substantial prior experience within the system.
<b>Completion:</b>	Must be completed to our satisfaction prior to the opening of your Store. There is no set time after signing the Franchise Agreement or before opening by which store management training must be completed, as long as it is completed to our satisfaction prior to opening. If you appoint a store manager after your store opening, then he or she must attend and satisfactorily complete the next available store management training program.
<b>Costs:</b>	If you are operating a Store, you must pay a training fee of \$5,000 to attend the components of the initial training program. There is no additional cost for a manager to attend and up to 2 additional attendees may also attend at no additional cost. You must pay an additional technician training fee of \$2,500 to attend the technician training program. You are also responsible for the payment of expenses for travel, transportation, lodging, meals, and other living expenses that you or your attendees incur to attend and complete store management training. If you replace a manager, we have the right to charge a fee for his or her attendance.
<b>Special Information:</b>	We may require you or your designated representative to attend and complete to our satisfaction additional training at any time after your Store opens. There is no charge for additional training but you will be responsible for all costs incurred in attending additional training.

### IN-STORE "FIELD" TRAINING

<b>Consists of:</b>	In-store "Field" training consisting of sales training, automotive and flat glass window tint and paint protection film installation training and customer service standards.
<b>Who Attends:</b>	Sole owner or one of the owners that will be in charge of operations must attend.
<b>When:</b>	Before the opening of your Store.
<b>Where:</b>	At an existing store location in Oklahoma City, Oklahoma or at another existing store location designated by us.
<b>Duration:</b>	Approximately 1 week or up to 3 weeks if additional "field" training is necessary.
<b>Attendance:</b>	Mandatory.
<b>Completion:</b>	Must be completed to our satisfaction prior to the opening of your Store. There is no set time after signing the Franchise Agreement or before opening by which you must complete in-store "field" training, as long as it is completed to our satisfaction prior to opening.
<b>Costs:</b>	If you are operating a Store, you must pay a training fee of \$5,000 to attend all components of our initial training program. You are also responsible for the payment of expenses for travel, transportation, lodging, meals and other living expenses that you incur to attend and complete in-store "field" training and for any additional "field" training if it is necessary.
<b>Special Information:</b>	If your Store is not operational within 180 days after the completion of the initial training program, the appropriate individual may be required to re-attend and complete portions of the training to our satisfaction.

Training is conducted by:

(1) Barbara Moran-Goodrich - Ms. Moran-Goodrich has 34 years of experience in the automotive industry, and 29 years of management experience with Moran.

(2) Ron Frydrychowski - Mr. Frydrychowski has 34 years of experience in the automotive industry, and 25 years of management experience with Moran.

(3) Peter Baldine – Mr. Baldine has over 35 years of experience in the franchise industry, and 22 years of sales and management experience with Moran.

(4) Gregory Schmidt - Mr. Schmidt has over 35 years of accounting experience and joined Moran as our Controller in 2018. Mr. Schmidt provides franchisees with an overview of franchise business accounting matters including, analysis of profit and loss statements, weekly sales reports, financial reports, accounts receivables, and the monitoring central fleet jobs.

(5) Roni Bava - Ms. Bava has 14 years of experience in the franchise industry and franchise compliance, and the last 9 years of that are with Moran. She is also a certified paralegal. Ms. Bava provides franchisees with an overview of franchisee compliance topics, including compliance with the franchise agreement, minimum insurance specifications, insurance certificates, business formation and assumed name filings.

(6) Alicia Damitz - Ms. Damitz has 27 years of customer service experience, and 9 years of that is with Moran. Ms. Damitz provides franchisees with an overview of Moran's customer relations services, procedures for inter-shop repairs, handling complaints and maintaining good customer service.

(7) Amanda Maquet – Ms. Maquet has 11 years of marketing experience and joined Moran as our Project Manager/Marketing Director in 2017. Ms. Maquet provides franchisees with an overview of local marketing strategies and advertising campaigns.

(8) Gregory Goodman – Mr. Goodman has 27 years of experience operating an Alta Mere®/SmartView® Store and has worked with Moran to prepare Turbo Tint training. Mr. Goodman provides franchisees with general daily operations information and procedures.

### **TRAINING PROGRAM FOR TURBO TINT STORES**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Understanding Franchising, The Business Systems, and Introduction to Business Planning	21	20	Orland Park, IL and Oklahoma City, OK or another location we designate
Sales, Marketing and Lead Generation Training	34	4	Orland Park, IL and Oklahoma City, OK or another location we designate
Understanding Management and Leadership Skills, and Fundamentals of Communication Training	7	4	Orland Park, IL
Personnel and Management Training Fair Employment Practices	6	1	Orland Park, IL and Oklahoma City, OK or another location we designate
Computer Software and Technician Training	1	2	Oklahoma City, OK or another location we designate
Product Knowledge Sales/Product Line	5	4	Oklahoma City, OK or another location we designate
Accounting	2	0	Orland Park, IL

**TOTAL STORE FRANCHISE TRAINING: 76 classroom hours; 35 on-the-job hours**

**ITEM 12**      **TERRITORY**

You will receive the right to operate a Turbo Tint Store at the specified location granted in the Franchise Agreement. We will not allow another Turbo Tint Store to be opened within your Radius Territory which will be a 3-mile radius of your Turbo Tint Store. The continuation of territorial right does not depend upon achieving a certain sales volume, market penetration or other contingency. There are no minimum sales quotas that you must meet. As long as the Franchise Agreement is in effect, there are no circumstances under which your territory or rights to your territory will be altered. You do not receive an exclusive option, right of first refusal or similar rights to acquire additional franchises, but you may apply for the right to acquire additional franchises. You must meet our qualifications for new franchisees and pay a franchise fee to qualify for an additional franchise location. We reserve the right to convert any existing automotive window tinting and paint protection film sales and installation facility, flat glass window film and architectural window tinting sales and installation facility to a Turbo Tint Store regardless of whether or not the facility is located in the same city as your Turbo Tint Store. Because of this right we reserve, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will usually approve a relocation of an established Turbo Tint Store as long as the franchisee has a legitimate business reason for the relocation (such as loss of lease by sale or condemnation, or change in area demographics), the relocated Turbo Tint Store will not compete directly with another established location, and demographic studies indicate that the Turbo Tint Store, in its new location, is likely to be economically viable for the relocating franchisee.

We reserve the right to establish other franchises or company-owned or operated outlets in your Radius Territory, which sell similar products or services to those that you sell under a different trade name or trademark. We reserve the right to use other channels of distribution, such as the Internet, catalog sales, or other direct marketing, to make sales within your Radius Territory, using our Proprietary Marks or using a different trade name or trademark. We are not obligated to pay you any compensation for soliciting or accepting orders inside your Radius Territory.

You are not restricted from soliciting or selling products and services to customers residing outside your Radius Territory, except that you may not directly market to or solicit customers, under any channel of distribution, (such as the Internet, catalog sales, telemarketing, or other direct marketing) if the customers reside within another franchisee's Radius Territory. Unless you are advertising cooperatively with another franchisee, you may not advertise in any media primarily circulated within another franchisee's Radius Territory.

**ITEM 13**      **TRADEMARKS**

We grant you the right to operate your Store under our Proprietary Marks. You may use only those brand-specific Proprietary Marks which pertain to the Store we have granted you the rights to operate. You may also be required to use certain future trademarks that we will authorize. By trademarks, we mean trade names, trademarks, service marks and logotypes used to identify your Store. If you are operating a Turbo Tint Store you will be granted the right to use the following trademarks that have been registered (or registration is pending) with the United States Patent and Trademark Office:

<b>Serial Number</b>	<b>Date Filed</b>	<b>Mark</b>
USPTO #88632297	September 26, 2019	"Turbo Tint" and design

At this time, we do not have a federal registration for our principal trademark. Therefore our trademark does not have many of the legal benefits and rights of federally registered trademarks. If our right to use the trademark is challenged you may have to change to an alternative trademark, which may increase your expenses.

You must use the Proprietary Marks in full compliance with provisions of the Franchise Agreement and in accordance with the rules we prescribe from time to time. All the rights and privileges granted to you in the Franchise Agreement are for your use only at the location described in Section 1 of the Franchise Agreement and nowhere else, and you are not permitted (either during the term of the Franchise Agreement or after its expiration or termination) to use or attempt to use the Proprietary Marks or any variation thereof or any other trade name, trademark or service mark of us in any manner whatsoever, except in connection with the operation of your Store franchised under the Franchise Agreement. You are prohibited from using any of the Proprietary Marks as a part of any corporate name with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you by us). You may not use the Proprietary Marks in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by us.

There is presently no effective determination of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court regarding the Proprietary Marks, nor is there any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Proprietary Marks or any of the trade names, logotypes, or our other commercial symbols. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

In the event of any infringement of, or challenge to, your use of any name, Proprietary Mark or symbol, you must immediately notify us, and we will have sole discretion to take any action we think appropriate and control exclusively any litigation or proceeding arising from any infringement, or challenge, in order to preserve and protect the ownership, identity and validity of the Proprietary Marks, provided, however, that we will defend and hold you harmless against all claims which may be asserted for service mark or trademark infringements of any of the Proprietary Marks. If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any name or Proprietary Mark and/or use one or more additional or substitute names or marks, you will be responsible for the tangible associated costs (such as replacing signs and materials).

You may not contest, directly or indirectly, our ownership, title, right or interest in the Proprietary Marks, trade secrets, methods, procedures and advertising techniques which are part of the System or contest our right to register, use or license others to use any Proprietary Marks, trade secrets, methods, procedures or techniques.

There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or any state in which a Store is to be located.

All materials using the Proprietary Marks must be purchased from us or approved by us. You may not register a domain name. We will register and maintain all domain names used for your Store. You may not establish a website using the Proprietary Marks without our prior approval.

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

We do not claim rights in any patents that are material to our business; however, we claim copyrights in our Manual, "Winners Circle" newsletter, books and booklets, business and financial forms, marketing materials and the proprietary software you will be licensed to use. We also claim proprietary rights to the confidential information contained in our Manuals and other operational materials and on our other proprietary materials specifically created by us in connection with the System, including the proprietary advertisements, printed materials and forms used in connection with the operation of your Store. The Manual and other proprietary materials have been registered with the copyright office. You must promptly inform us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We will not indemnify you for claims brought by a third party concerning your use of this information.

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

You must operate, supervise and manage the day-to-day operations of your Store on a full-time basis. If you co-own your Store with other owners, then you must designate an owner who owns at least 1/3 share of the Store and the designated owner must be primarily responsible for the supervision and management of the day-to-day operations on a full-time basis. You may appoint other individuals to manage sales or production or otherwise function as managers for your Store. Any managers you appoint must attend the store management portion of our training program. Your manager(s) must sign a written agreement to maintain confidentiality of the trade secrets described above in Item 14 and to conform to the covenants not to compete described below in Item 17. Your appointment of a manager does not satisfy the requirement that you personally provide on-site supervision and management of your Store on a full-time basis

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

The Franchise Agreement provides that you must offer, and may only offer, the services that we authorize in the Manual or otherwise in writing. You are prohibited from offering or selling services not authorized by us. We reserve the unlimited right to change the types of authorized products and services within the scope of the automotive window tinting, paint protection film, architectural window tinting and automotive accessories installation and service business.

You are prohibited from soliciting other franchisees either directly or indirectly for any other business or investment activity. There are no limitations imposed by us on the persons or businesses to whom you may provide services, except those imposed by the nature of the System itself, such as designation of the Radius Territory or by law.

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**ITEM 17      RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution, you should read these provisions in the agreements attached to this franchise disclosure document.**

**THE FRANCHISE RELATIONSHIP**

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 3 of Franchise Agreement	Term is equal to 15 years
b. Renewal or extension of the term	Section 3 of Franchise Agreement	If you are in good standing you can renew for an additional 15-year term
c. Requirements for franchisee to renew or extend	Section 3 of Franchise Agreement	Compliance with Franchise Agreement; sign then current form of Franchise Agreement, which may include materially different terms and conditions from the original contract; pay current renewal fee to us; remain in compliance, and retrain at our option
d. Termination by franchisee	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 27 of Franchise Agreement	We can terminate only if you fail to cure defaults
g. "Cause" defined - curable defaults	Section 27 of Franchise Agreement	You have 10 days to cure for nonpayment; 30 days to cure for non-submission of reports and other non-monetary defaults not listed in Section 27
h. "Cause" defined - non-curable defaults	Section 27 of Franchise Agreement	Non-curable defaults: repeated defaults even if cured, abandonment, trademark misuse; and unapproved transfers
i. Franchisee's obligations on termination/non-renewal	Section 28 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Obligations include complete de-identification; payment of amounts due; and compliance with post-termination provisions (also see r below)
j. Assignment of contract by franchisor	Section 25 of Franchise Agreement	No restriction on our right to assign

Provision	Section in Agreement	Summary
k. "Transfer" by franchisee -defined	Section 24 of Franchise Agreement	Includes transfer of agreement or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 24 of Franchise Agreement	We have the right to approve all transfers, but will not unreasonably withhold approval
m. Conditions for franchisor approval of transfer	Section 24 of Franchise Agreement	New franchisee approved by us; selling franchisee current on all monies owed under Franchise Agreement, transfer fee paid, purchase agreement approved, training arranged, release signed by you and purchaser signs the then current form of Franchise Agreement (also see r below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 24 of Franchise Agreement	We can match any offer for the purchase of your business
o. Franchisor's option to purchase franchisee's business	Section 29 of Franchise Agreement	Except as described in (n) above, we do not have the right to purchase franchisee's business; however, during the 30-day period after termination or expiration of the Franchise Agreement, we have the right to purchase inventory at franchisee's cost, and any other assets of franchisee's business for fair market value
p. Death or disability of franchisee	Section 24 of Franchise Agreement	Estate may operate or franchise may be assigned by estate to approved buyer
q. Non-competition covenants during the term of the franchise	Section 26 of Franchise Agreement Section 2 of Conversion Franchise Addendum	No competing business
r. Non-competition covenants after the franchise is terminated or expires	Section 26 of Franchise Agreement Section 2 of Conversion Franchise Addendum	Except for conversion franchisees, no competing business for 2 years within 25 miles of the Turbo Tint Store or another Moran franchise (also applies after transfer or assignment). Conversion franchisees may offer and sell any products and services that were sold in their independent store prior to conversion to a Turbo Tint Store.

Provision	Section in Agreement	Summary
s. Modification of the agreement	Section 47 of Franchise Agreement	No modifications but Manual subject to change
t. Integration/merger clause	Section 47 of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Not Applicable	All disputes must be litigated
v. Choice of forum	Section 39 of Franchise Agreement	Litigation must be in Cook County, Illinois
w. Choice of law	Section 39 of Franchise Agreement	Illinois law applies

**ITEM 18**      **PUBLIC FIGURES**

We do not use any public figure to promote our Stores.

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## **ITEM 19      FINANCIAL PERFORMANCE REPRESENTATIONS**

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

### **BACKGROUND**

The financial performance representation information in this Item 19 includes certain financial performance information relating to our first operational Turbo Tint Store. We present two (2) different financial performance representations in this Item 19 relating to information for the period of operation from January 1, 2020 to December 31, 2020 ("Measurement Period").

We disclose the Gross Sales, Costs of Goods, and Gross Profit Margin for the Turbo Tint Store that was open for more than year as of December 31, 2020, and open for the Measurement Period ("Turbo Tint Store").

### **SOURCE OF DATA**

For Table 1, we have obtained the Gross Sales data from our franchisee, either through weekly sales reports, or other sales reports or profit and loss statements. These reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of this financial performance representation.

For Table 2, we obtained the sales and expense information from profit and loss statements for the Measurement Period submitted to us by the Turbo Tint Store. The profit and loss statements have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of this financial performance representation.

### **DEFINED TERMS**

"Gross Sales" is defined as all sales generated of any kind whatsoever, regardless of whether cash payment is actually received at the time of the transaction, including credit card sales, redemption of System gift cards and accounts receivable sales, in connection with the operation of the Turbo Tint Store including, but not limited to, sales of window tinting supplies, and/or any service or product sold within or without the Turbo Tint Store premises, but excluding intra-company warranty repairs. Gross Sales will not include sales tax, excise tax or other tax with respect to such sales, or revenue you derive from selling or issuing System gift cards, but will include "business interruption" insurance payments.

The "Cost of Goods" for our franchisee is comprised of (1) parts, (2) fluids, and (3) technician labor. All other expenses, including, but not limited to, rent, royalty fees, advertising, taxes, start-up costs and insurance will impact your operating profit and are not included in the Cost of Goods figure.

## FINANCIAL PERFORMANCE

Below, we disclose the: (i) the Gross Sales earned by the Turbo Tint Store during the Measurement Period; and (ii) the Costs of Goods and Gross Profit Margin during the Measurement Period.

**Turbo Tint Store  
Calendar Year 2020  
Sales Table 1**

<b>Gross Sales</b>
<b>\$734,850.55</b>

In GPM Table 2 below, you will find disclosures of Gross Sales, Cost of Goods and Gross Profit Margin for the Turbo Tint Store during the Measurement Period.

**Turbo Tint Store  
Calendar Year 2020  
GPM Table 2**

Years Open	Gross Sales*	COGS	COGS %	Gross Margin	Gross Margin %
1	\$734,850.55	\$258,458.91	35.2%	\$476,391.64	64.8%

\*Due to COVID-19 restrictions in the state of Oklahoma the Turbo Tint Store was closed during the entire month of April. In addition, due to the impact of COVID-19, the Turbo Tint Store offered the following discounts during 2020:

- January 20% off all packages
- February 20% off all packages
- March 30% off all packages starting March 17<sup>th</sup>
- April 30% off all packages- physical location closed, online orders only
- May, June, July and August 10% off all packages
- September no discounts offered
- October 20% off all packages starting October 14<sup>th</sup>
- November 20% off all packages until November 21<sup>st</sup> then 50% off all packages
- December 10% off all packages

**Your individual results may differ from the result stated in the financial performance representation. There is no assurance that you'll sell as much.**

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet.

If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Peter Baldine, Moran Industries, Inc., 11524 West 183rd Place, Orland Park, Illinois 60467, (800) 377-9247, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table 1  
Systemwide Outlet Summary  
For Years 2018 to 2020**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2018	12	13 <sup>2,3,4</sup>	+1
	2019	13	12 <sup>1,2,4,5</sup>	-1
	2020	12	11 <sup>4,6,7</sup>	-1
<b>Company Owned</b>	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
<b>Total Outlets</b>	2018	12	13	+1
	2019	13	12	-1
	2020	12	11	-1

Our Fiscal Year End is December 31.

1. There is 1 Co-Branded Store included in this figure.
2. There are 2 Tri-Branded Stores included in this figure.
3. There are 2 Co-Branded Stores included in this figure.
4. There is 1 Quad-Branded Store included in this figure.
5. There are 12 Stores operating under the mark "Alta Mere" included in this figure. (One of these Stores will be converting its Store to operate under the "Turbo Tint" mark in October 2020).
6. There are 10 Stores operating under the mark "Alta Mere" included in this figure.
7. There is 1 Tri-Branded Store included in this figure.

**Table 2  
Transfers of Outlets from Franchisees to New Owners (Other than Franchisor)  
For Years 2018 to 2020**

State	Year	Number of Transfers
<b>Oklahoma</b>	2018	0
	2019	0
	2020	1
<b>Texas</b>	2018	0
	2019	0
	2020	1
<b>TOTAL</b>	2018	0
	2019	0
	2020	2

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2018 to 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
<b>Colorado</b>	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
<b>Florida</b>	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
<b>Illinois</b>	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
<b>Kansas</b>	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
<b>Maryland</b>	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
<b>Oklahoma</b>	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
<b>Tennessee</b>	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
<b>Texas</b>	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	1	4
	2020	4	0	0	0	0	0	4
<b>TOTAL</b>	2018	12	1	0	0	0	0	13
	2019	13	0	0	0	0	1	12
	2020	12	0	0	0	0	1	11

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**Table 4  
Status of Company-Owned Outlets  
For Years 2018 to 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>TOTAL</b>	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

**Table 5  
Projected Openings As Of December 31, 2020\***

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<b>Georgia</b>	0	1	0
<b>Florida</b>	2	2	0
<b>Texas</b>	0	1	0
<b>Virginia</b>	0	1	0
<b>TOTAL</b>	2	5	0

As of December 31, 2020, we have 2 Franchise Agreements signed with an outlet not yet open:

Erich Overhardt	Turbo Tint	Delray Beach, Florida
Derek Huizinga	Turbo Tint	Orlando, Florida

A list identifying all current franchisees and their Store addresses and telephone numbers is attached as Exhibit N.

The following is a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the year 2020 or who has not communicated with us within 10 weeks of the issuance date of this disclosure document:

Chris Robinson	Alta Mere	Sycamore, IL	(815) 991-1110
Cliff Wood (Resale)	Alta Mere	Tulsa, OK	(718) 299-8371
Randy Durham (Resale)	Alta Mere	Plano, TX	(972) 298-8376

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

During the last 3 years, current and former franchisees have signed confidentiality agreements. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Alta Mere, SmartView or Turbo Tint franchise systems.

You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

**ITEM 21**      **FINANCIAL STATEMENTS**

Our audited financials for the past 3 fiscal years ending December 31, 2020, December 31, 2019, and December 31, 2018 are included in this Franchise Disclosure Document as Exhibit C.

Our fiscal year end is December 31.

**ITEM 22**      **CONTRACTS**

The following contracts are included as attachments to this franchise disclosure document: Franchise Agreement (Exhibit E); Nondisclosure and Non-Competition Agreement (Exhibit B to Franchise Agreement ; Conversion Franchise Addendum (Exhibit H); General Release (Exhibit K); State Specific Addenda (Exhibit L).

**ITEM 23**      **RECEIPTS**

Exhibit O of this franchise disclosure document contains a detachable document, in duplicate, acknowledging receipt of this franchise disclosure document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one copy for your records and return the other signed copy to: Moran Industries, Inc., 11524 West 183rd Place, Orland Park, Illinois 60467.

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## EXHIBIT A

### LIST OF STATE ADMINISTRATORS

California Department of Business Oversight  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013-1105  
(213) 576-7500;

Florida Department of Agricultural  
and Consumer Services  
Mayo Building, Second Floor  
Tallahassee, Florida 32399-0800  
(850) 922-2770

Hawaii Department of Commerce  
and Consumer Affairs  
Business Registration Division  
1010 Richards Street  
Honolulu, Hawaii 96813  
(808) 586-2722

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

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

Kentucky Office of the Attorney General  
Consumer Protection Division  
P.O. Box 2000  
Frankford, Kentucky 40602  
(502) 573-2200

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

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Unit  
670 G. Mennen Williams Building  
Lansing, Michigan 48913  
(517) 373-7117

State of Minnesota  
Department of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1500

Nebraska Department of Banking and Finance  
1200 North Street, Suite 311  
P.O. Box 95006  
Lincoln, Nebraska 68509-5006  
(402) 471-3445

New York State Department of Law  
Bureau of Investor Protection and Securities  
28 Liberty Street  
New York, New York 10005  
(212) 416-8211  
North Dakota Office of Securities  
Commissioner  
600 East Boulevard, Fifth Floor  
Bismark, North Dakota 58505  
(701) 328-2910

Oregon Department of Consumer and  
Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

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

South Dakota Department of Commerce  
118 West Capital Avenue  
Pierre, South Dakota 57501-2017  
(605) 773-4013

Statutory Document Section  
Texas Secretary of State  
P.O. Box 12887  
Austin, Texas 78711  
(512) 475-1769

State of Utah  
Division of Consumer Protection  
P.O. Box 45804  
Salt Lake City, Utah 84145-0804  
(801) 530-6601

Virginia State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

State of Washington  
Department of Financial Institutions  
P.O. Box 9033  
Olympia, Washington 98507-9033  
(360) 902-8769/0

State of Wisconsin  
Department of Financial Institutions  
Division of Securities  
P.O. Box 1768  
Madison, Wisconsin 53701-1768  
(608) 266-1064

**EXHIBIT B**

**AGENTS FOR SERVICE OF PROCESS**

Barbara Moran-Goodrich  
11524 West 183rd Place  
Orland Park, Illinois 60467

California Department of Business Oversight  
320 West 4<sup>th</sup> Street  
Los Angeles, California 900101105

Illinois Attorney General  
Franchise Division  
500 South Second Street  
Springfield, Illinois 62706

Indiana Secretary of State  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101

New York Secretary of State  
99 Washington Avenue  
Albany, New York 12231

Clerk of the State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street  
Richmond, Virginia 23219

State of Washington  
Department of Financial Institutions  
150 Israel Road SW  
Tumwater, Washington 98501

**EXHIBIT C**

**FINANCIAL STATEMENTS OF MORAN INDUSTRIES, INC.**

UNAUDITED FINANCIALS JANUARY 1, 2021 TO DECEMBER 31, 2021

FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2018

**Moran Industries, Inc.**  
**Profit & Loss**  
January through December 2021  
**UNAUDITED**

	<u>Jan - Dec 21</u>
<b>Ordinary Income/Expense</b>	
<b>Total Income</b>	4,411,664.92
<b>Total COGS</b>	806,049.78
<b>Gross Profit</b>	3,605,615.14
<b>Total Expense</b>	2,834,604.51
<b>Net Ordinary Income</b>	771,010.63
<b>Other Income/Expense</b>	
<b>Total Other Income</b>	105,804.29
<b>Total Other Expense</b>	4,107.56
<b>Net Other Income</b>	101,696.73
<b>Net Income</b>	<u><u>872,707.36</u></u>

**Moran Industries, Inc.**  
**Balance Sheet**  
As of December 31, 2021  
**UNAUDITED**

	<u>Dec 31, 21</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
<b>Total Checking/Savings</b>	814,258.92
<b>Total Accounts Receivable</b>	784,616.36
<b>Total Other Current Assets</b>	<u>55,754.38</u>
<b>Total Current Assets</b>	1,654,629.66
<b>Total Fixed Assets</b>	451,766.00
<b>Total Other Assets</b>	<u>592,949.59</u>
<b>TOTAL ASSETS</b>	<u><u>2,699,345.25</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Total Accounts Payable</b>	147,357.54
<b>Total Other Current Liabilities</b>	<u>291,236.26</u>
<b>Total Current Liabilities</b>	438,593.80
<b>Total Liabilities</b>	607,798.09
<b>Equity</b>	
<b>Total Equity</b>	<u>2,091,547.16</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,699,345.25</u></u>

**Moran Industries, Inc.**  
**(d/b/a Moran Family of Brands)**

Financial Statements and  
Independent Auditor's Report

December 31, 2020 and 2019



**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of  
Moran Industries, Inc.

We have audited the accompanying financial statements of Moran Industries, Inc. (d/b/a Moran Family of Brands), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

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

*FGMK, LLC*

Bannockburn, Illinois  
February 26, 2021

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**BALANCE SHEETS**

**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 735,640	\$ 337,620
Accounts receivable, net	707,747	894,695
Prepaid expenses	<u>86,156</u>	<u>76,698</u>
	<u>1,529,543</u>	<u>1,309,013</u>
<b>FIXED ASSETS</b>		
Office equipment, computers and software	272,433	272,433
Automobiles	80,172	80,172
Leasehold improvements	<u>180,576</u>	<u>167,976</u>
	533,181	520,581
Less: Accumulated depreciation and amortization	<u>455,442</u>	<u>442,980</u>
	<u>77,739</u>	<u>77,601</u>
<b>OTHER ASSETS</b>		
Notes receivable and long-term accounts receivable, net	<u>464,393</u>	<u>411,580</u>
	<u>\$ 2,071,675</u>	<u>\$ 1,798,194</u>

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**BALANCE SHEETS**

**DECEMBER 31, 2020 AND 2019**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	2020	2019
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 136,468	\$ 136,468
Accounts payable	151,588	173,925
National Creative Marketing Fund	148,638	136,025
Warranty Fund liability	210,000	216,000
	646,694	662,418
<b>LONG-TERM DEBT</b>	69,674	206,143
	716,368	868,561
<b>STOCKHOLDERS' EQUITY</b>		
Common stock - Class A, no par value; 15,000 shares authorized; 10,000 issued and outstanding	10,000	10,000
Retained earnings	1,345,307	919,633
	1,355,307	929,633
	\$ 2,071,675	\$ 1,798,194

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>INCOME</b>		
Royalty income	\$ 2,317,349	\$ 2,355,455
Centralized fleet revenue	49,605	172,227
Franchise fees	240,715	214,500
Sales income	531,283	477,992
Other	<u>333,408</u>	<u>269,858</u>
	3,472,360	3,490,032
<b>COST OF CENTRALIZED FLEET REVENUE AND SALES</b>	475,900	478,258
<b>OPERATING EXPENSES</b>	<u>2,386,039</u>	<u>2,505,457</u>
<b>OPERATING INCOME</b>	610,421	506,317
<b>OTHER EXPENSE, NET</b>	<u>43,839</u>	<u>304,848</u>
<b>NET INCOME</b>	<u>\$ 566,582</u>	<u>\$ 201,469</u>

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Common Stock Class A		Common Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		
<b>BALANCE - JANUARY 1, 2019</b>	10,000	\$ 10,000	-	\$ -	\$ 859,072	\$ 869,072
Distributions	-	-	-	-	( 140,908)	( 140,908)
Net income	-	-	-	-	201,469	201,469
<b>BALANCE - DECEMBER 31, 2019</b>	10,000	10,000	-	-	919,633	929,633
Distributions	-	-	-	-	( 140,908)	( 140,908)
Net income	-	-	-	-	566,582	566,582
<b>BALANCE - DECEMBER 31, 2020</b>	10,000	\$ 10,000	-	\$ -	\$ 1,345,307	\$ 1,355,307

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 566,582	\$ 201,469
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,462	22,292
Allowance for doubtful accounts	( 134,816)	-
Changes in operating assets and liabilities:		
Accounts and notes receivable	268,951	115,979
Prepaid expenses	( 9,458)	( 8,918)
Accounts payable	( 22,337)	14,053
National Creative Marketing Fund	12,613	28,777
Warranty Fund liability	( 6,000)	( 18,000)
Net Cash Provided By Operating Activities	687,997	355,652
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	( 12,600)	( 5,179)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	( 136,469)	( 145,332)
Distributions	( 140,908)	( 140,908)
Net Cash Used In Financing Activities	( 277,377)	( 286,240)
<b>NET CHANGE IN CASH</b>	398,020	64,233
<b>CASH - BEGINNING OF YEAR</b>	337,620	273,387
<b>CASH - END OF YEAR</b>	\$ 735,640	\$ 337,620
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 2,722	\$ 174
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Note receivable acquired through non-cash acquisition of Transmission City	\$ -	\$ 64,930

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business.** Moran Industries, Inc., d/b/a Moran Family of Brands (“Moran”), was incorporated on July 27, 1990, and entered into an asset sale agreement on August 28, 1990 to purchase certain assets from the Automotive Franchise Corporation Bankruptcy Estate. The purchase was consummated on October 24, 1990. Alta Mere Industries, Inc. was incorporated in Illinois on June 27, 1996, and entered into a merger agreement with AMI Franchising, Inc., a Texas Corporation, on June 30, 1996. The merger was completed on July 24, 1996, with Alta Mere Industries, Inc. as the surviving corporation. On July 1, 2007, Moran and Alta Mere Industries, Inc. merged, with Moran as the surviving corporation.

Effective July 1, 2010, Moran recapitalized, redeeming all of its then outstanding common stock of Moran for a stock redemption note of \$1,500,000 and a stock purchase note from the new majority stockholder for \$1,500,000. An amount of 10,000 shares of class A common stock were issued to the majority stockholder and two minority stockholders. The stock purchase note includes interest only payments until the stock redemption note is fully paid in accordance with the terms as disclosed in Note 3. The recapitalization was entered with related parties and, therefore, was accounted for at book value and does not represent a change in control.

Moran is a franchisor for after-market auto repair shops, high-tech automotive accessories, and window tinting specialists.

System-wide revenues include income at all Moran franchisee locations. While income by franchisees is not recorded as income by Moran, management believes the information is important in understanding Moran’s financial performance because it is the basis on which Moran calculates and records royalty income and is indicative of the financial health of their franchisee base. The financial statements include supplementary information which provides the statements of income as if system-wide revenues, as unaudited, were recorded by Moran.

In January 2019, Moran acquired the operations of one of its related party service centers (Transmission City). The Company recorded a note receivable for approximately \$65,000, net of related party receivables and payables between the two entities, recognizing other income of approximately \$23,000, included in other expenses, net. Activities related to the service center subsequent to the business combination are included in the accompanying financial statements.

**Management Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Moran’s significant estimates include (1) the allowances for doubtful accounts, and (2) warranty fund liability. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

**Concentrations of Credit Risk.** Moran regularly maintains cash balances that exceed Federal Deposit Insurance Corporation limits.

**Revenue Recognition.** Effective January 1, 2019, the Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. The Company adopted ASC 606 using the modified retrospective method. The Company has applied this standard to all open contracts at the effective date and all contracts entered into thereafter, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company did not record a cumulative-effect adjustment to members’ equity for adopting ASC 606 as the adjustment was immaterial to the financial statements as a whole. There was no material impact on the accompanying statement of operations year ended December 31, 2020 from the adoption of ASC 606.

(Continued)

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue Recognition (Continued).***

*Nature of Promises to Transfer and Timing of Satisfaction* - Distinct performance obligations are as follows:

- Royalty income is recorded and recognized weekly based upon a percentage of the franchisees gross sales. The franchisees are provided training, technical support, advisory services, and advertising and promotional tools, as well as protection against trademark, service mark, and patent infringement. Royalty income is recognized over time based on the week royalty report.
- Centralized fleet revenue represents franchisee service for corporate customers. The Company earns a percentage of the franchisee services and revenue is recognized over time when the services are performed.
- Initial franchise fees represent new location up-front fees. The Company provides on-boarding and pre-opening support to prospective franchisees. The up-front performance obligations are not highly interrelated with the franchise brand and the prospective franchisee can benefit from the services if the franchisee location is not opened. Such fees are recognized over time as the up-front performance obligations are performed.
- Sales income represents one of the brands service centers which is under control of the Company. Revenue is recognized over time as services are performed.
- Other revenue represents various services provided to franchisees that are not included in royalty income. Revenue is recognized over time as services are provided.

*Allocating the Transaction Price* - The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes).

To determine the transaction price of a contract, the Company considers its customary business practices as well as the terms of the contract. For the purpose of determining transaction prices, the Company assumes that the goods and services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be cancelled, renewed, or modified.

The Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars and payable in cash. Consideration paid for services that customers purchase from the Company is nonrefundable. Therefore, at the time revenue is recognized, the Company does not estimate expected refunds for services nor does the Company adjust revenue downward.

*Significant Payment Terms* - Payments are typically due within 30 days after an invoice is sent to the customer. Invoices for goods are typically sent to the customer at the time of shipment. Invoices for services are typically sent in advance.

The Company's revenues do not include constrained variable consideration components. The total revenue recorded cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, the Company recognizes revenue based on the faithful depiction of the consideration that is expected to be received. The result of making these estimates will impact the line item trade accounts receivable in the balance sheet. The actual amounts ultimately paid and/or received may be different from those estimates. The Company expects royalty income, centralized fleet revenue, sales income and other revenue to be collected within required payment terms, however, the Company records a note receivable for significant past due accounts receivable which includes a financing arrangement at the prevailing interest rates.

*Disaggregation of Revenue* - The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated:

- Type of customer: Services provided by the Company are rendered to business entities, lack seasonality, and do not necessarily correlate with economic cycles.

(Continued)

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Concluded).** *Practical Expedients* - The Company has adopted certain practical expedients under ASC 606 with significant items disclosed herein. The Company has elected to adopt the portfolio approach to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually.

**Accounts Receivable, Notes Receivable, and the Allowances for Doubtful Accounts.** Accounts receivable are uncollateralized royalties due to Moran based on the franchisees revenue. Notes receivable represent long-term notes entered into with various franchisees to assist in facility set-up costs, or other assistance. The notes are due under various terms as specified, generally include the equipment, inventory and parts as collateral, and charge interest at the market prevailing rates. The carrying amount of accounts receivable and notes receivable are reduced by valuation allowances that reflects management's best estimate of amounts that will not be collected. Management individually reviews past due balances and, based on an assessment of franchisees current creditworthiness, and underlying collateral, estimates the portion, if any, that will not be collected. Additionally, management assesses the remaining balances of accounts receivable and notes receivable based on past experience and an assessment of future economic conditions to determine its best future estimate of the portion that will not be collected.

**Fixed Assets.** Office equipment, computers, software, signs, autos, and leasehold improvements are recorded at acquisition cost. Depreciation is recorded on the straight-line method over the estimated useful lives of the respective assets. Fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no impairment charges for the years ended December 31, 2020 and 2019.

**National Creative Marketing Fund.** The Company developed the National Creative Marketing Fund (the "Fund") to pay for creative marketing, in accordance with the agreements entered into. Certain franchisees and suppliers remit a payment to the Fund, which are held by Moran but controlled by a board of franchisees, and included in cash (see Note 2).

**Warranty Fund Liability.** Certain franchisees remit a payment to a warranty fund held by Moran to pay any estimated future claims for warranty repairs which franchisees may fail to honor; on service center warranties or reimbursements that are unpaid; and for warranties which are the responsibility of any center which has closed for any reason and not reopened.

**Income Taxes.** Moran has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, Moran's stockholders are personally responsible for income taxes on Moran's taxable income. As such, no provision is made for income taxes in the accompanying financial statements. Moran is responsible for certain other state taxes.

Moran may make a distribution to its stockholders in 2021 in connection with such stockholders' respective income tax liabilities incurred for 2020 as a result of Moran's Subchapter S income tax status.

**Economic Conditions.** In March 2020, government agencies announced warnings related to the Coronavirus ("COVID-19"). Any potential decline in economic activity in the U.S. and other regions of the world as a result of the virus may have an adverse impact on the Company.

**Paycheck Protection Program.** As of the date the accompanying financial statements were available to be issued, the Company has applied for and received funding of \$239,077 from a Paycheck Protection Program ("PPP") loan through the Small Business Administration ("SBA") that was made available under the CARES Act passed by Congress in response to the COVID-19 pandemic. As the Company has met all of the SBA conditions for forgiveness of the PPP loan proceeds as of December 31, 2020, the PPP loan proceeds have been recorded as other income for the year ended December 31, 2020. The Company's PPP loan forgiveness application was approved in December 2020.

(Continued)

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Recent Accounting Pronouncements.** In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Deferral of the Effective Dates for Certain Entities*, which deferred the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating this standard.

In February 2021, FASB issued ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. FASB issued ASU 2021-02 to reduce the cost and complexity of applying Topic 606 to pre-opening services for non-public franchisors by providing a practical expedient for recognizing revenue related to pre-opening services as a single and distinct performance obligation. ASU 2021-02 is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. Management is reviewing this pronouncement and does not believe its adoption will be a significant impact on the Company’s financial statements.

**NOTE 2 – CASH**

The portion of funds restricted for the benefit of the National Creative Marketing Fund was \$94,495 and \$81,882 as of December 31, 2020 and 2019, respectively.

**NOTE 3 – CONTRACT BALANCES**

Contract balances consisted of the following components as of:

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable:			
Outstanding balances	\$ 803,747	\$ 1,022,106	\$ 950,145
Less: Allowance for doubtful accounts	96,000	127,411	127,411
	<u>\$ 707,747</u>	<u>\$ 894,695</u>	<u>\$ 822,734</u>
Notes receivable and long-term accounts receivable:			
Outstanding balances	\$ 566,436	\$ 617,028	\$ 804,968
Less: Allowance for doubtful accounts	102,043	205,448	205,448
	<u>\$ 464,393</u>	<u>\$ 411,580</u>	<u>\$ 599,520</u>

**NOTE 4 – LINE OF CREDIT**

The Company has a line of credit with maximum borrowings of \$250,000 and interest payable at the prime rate (3.25% at December 31, 2020). The line of credit expires December 9, 2021, is collateralized by substantially all assets of the Company, and is guaranteed by a stockholder of the Company. There were no outstanding borrowings as of December 31, 2020 and 2019.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – LONG-TERM DEBT**

Long-term debt consisted of the following as of December 31:

	2020	2019
Stock redemption note payable bearing interest at 6% payable at varying amounts including principal and interest. The note is personally guaranteed by the majority stockholder.	\$ 206,142	\$ 342,611
Less: Current portion	136,468	136,468
	\$ 69,674	\$ 206,143

Future maturities of long-term debt were as follows as of December 31, 2020:

Year Ending December 31	Amount
2021	\$ 136,468
2022	69,674
	\$ 206,142

Monthly obligations under the stock redemption note and the stock purchase note (Note 1) are approximately \$22,500. The interest only payments related to the stock purchase note are accounted for as distributions to the majority stockholder until the stock redemption note is fully paid in accordance to the terms disclosed above. Total payments under the notes mature in July 2028.

**NOTE 6 – OPERATING LEASES**

Moran leases corporate office headquarters under an agreement with the former majority stockholders under a month-to-month lease, with monthly payments of approximately \$9,300, plus real estate taxes. Additionally, the Company owns a service center that operates under an agreement with the former majority stockholder under a month-to-month lease, with monthly payments of approximately \$4,500, plus real estate taxes. Lastly, the company makes payments on behalf of a service center that operates under a short-term lease that expires on April 30, 2021, with monthly payments of approximately \$4,000, plus CAM. Rent expense was approximately \$215,000 and \$163,000 for the years ended December 31, 2020 and 2019, and is included in operating expenses.

Moran leases equipment under a non-cancelable operating lease expiring December 2024, then renews annually as defined, with monthly payments of approximately \$750 plus usage charges. Rent expense was approximately \$9,000 and \$11,000 for the years ended December 31, 2020 and 2019, respectively. December 31, 2020

Minimum future rental commitments under non-cancelable operating leases were as follows as of December 31, 2020:

Year Ending December 31	Amount
2021	\$ 9,000
2022	9,000
2023	9,000
2024	9,000
	\$ 36,000

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Litigation.** In the ordinary course of business, there may be various claims or lawsuits brought by or against Moran. Management is not aware of any claims or lawsuits that could materially affect the financial position, results of operations, or liquidity of Moran.

**Warranty Liability.** Moran accrues an estimate of its exposure to warranty claims based on franchisees payments to the warranty fund. Changes in Moran’s warranty liability were as follows for the years ended December 31:

	2020	2019
Warranty accrual, beginning of period	\$ 216,000	\$ 234,000
Warranty funds collected	21,000	45,000
Warranty funds reimbursed	( 27,000)	( 16,000)
Warranty funds adjustment	-	( 47,000)
Warranty accrual, end of period	\$ 210,000	\$ 216,000

**Employee Benefit Plan.** The Company has adopted an employee benefit plan which qualified under section 401(k) of the Internal Revenue Code of 1986, as amended (the “Plan”). The Plan is a defined-contribution plan established to provide retirement benefits for employees who have completed three months of service with the Company. The Plan is employee funded up to an elective annual deferral, not to exceed the maximum legal deferral. Employer discretionary matching contributions were approximately \$16,000 and \$15,000 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated all known subsequent events from December 31, 2020 through February 26, 2021, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period that have not been disclosed in the notes to the financial statements.

**Moran Industries, Inc.**  
**(d/b/a Moran Family of Brands)**

Financial Statements and  
Independent Auditor's Report

December 31, 2019 and 2018



**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of  
Moran Industries, Inc.

We have audited the accompanying financial statements of Moran Industries, Inc. (d/b/a Moran Family of Brands), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

*FGMK, LLC*

Bannockburn, Illinois  
March 9, 2020

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**BALANCE SHEETS**

**DECEMBER 31, 2019 AND 2018**

	<b>ASSETS</b>	
	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 337,620	\$ 273,387
Accounts receivable (net of allowance for doubtful accounts of \$127,411 at December 31, 2019 and 2018)	894,695	822,734
Prepaid expenses	76,698	67,780
	1,309,013	1,163,901
<b>FIXED ASSETS</b>		
Office equipment, computers and software	272,433	269,573
Automobiles	80,172	80,172
Leasehold improvements	167,976	165,656
	520,581	515,401
Less: Accumulated depreciation	442,980	420,687
	77,601	94,714
<b>OTHER ASSETS</b>		
Notes receivable and long-term accounts receivable (net of allowance for doubtful accounts of \$205,448 at December 31, 2019 and 2018)	411,580	599,520
	\$ 1,798,194	\$ 1,858,135

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**BALANCE SHEETS**

**DECEMBER 31, 2019 AND 2018**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	2019	2018
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 136,468	\$ 145,331
Accounts payable	173,925	159,872
National Creative Marketing Fund	136,025	107,248
Warranty Fund liability	216,000	234,000
	662,418	646,451
<b>LONG-TERM DEBT</b>	206,143	342,612
	868,561	989,063
<b>STOCKHOLDERS' EQUITY</b>		
Common stock - Class A, no par value; 15,000 shares authorized; 10,000 issued and outstanding	10,000	10,000
Retained earnings	919,633	859,072
	929,633	869,072
	\$ 1,798,194	\$ 1,858,135

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>INCOME</b>		
Royalty income	\$ 2,355,455	\$ 2,260,911
Centralized fleet revenue	172,227	240,799
Franchise fees	214,500	315,000
Sales income	477,992	-
Other	<u>269,858</u>	<u>334,168</u>
	3,490,032	3,150,878
<b>COST OF CENTRALIZED FLEET REVENUE AND SALES</b>	478,258	256,904
<b>OPERATING EXPENSES</b>	<u>2,505,457</u>	<u>2,457,935</u>
<b>OPERATING INCOME</b>	506,317	436,039
<b>OTHER EXPENSES</b>	<u>304,848</u>	<u>263,628</u>
<b>NET INCOME</b>	<u><u>\$ 201,469</u></u>	<u><u>\$ 172,411</u></u>

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Common Stock Class A		Common Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		
<b>BALANCE - JANUARY 1, 2018</b>	10,000	\$ 10,000	\$ -	\$ -	\$ 843,056	\$ 853,056
Distributions	-	-	-	-	( 156,395)	( 156,395)
Net income	-	-	-	-	172,411	172,411
<b>BALANCE - DECEMBER 31, 2018</b>	10,000	10,000	-	-	859,072	869,072
Distributions	-	-	-	-	( 140,908)	( 140,908)
Net income	-	-	-	-	201,469	201,469
<b>BALANCE - DECEMBER 31, 2019</b>	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,633</u>	<u>\$ 929,633</u>

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 201,469	\$ 172,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	22,292	33,005
Changes in operating assets and liabilities:		
Accounts and notes receivable	115,979	381,725
Prepaid expenses	( 8,918)	225
Accounts payable	14,053	( 103,476)
National Creative Marketing Fund	28,777	1,795
Warranty Fund liability	( 18,000)	21,000
	<u>355,652</u>	<u>506,685</u>
Net Cash Provided By Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	( 5,179)	( 13,103)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	( 145,332)	( 176,111)
Distributions	( 140,908)	( 156,395)
	<u>( 286,240)</u>	<u>( 332,506)</u>
Net Cash Used In Financing Activities		
<b>NET CHANGE IN CASH</b>	64,233	161,076
<b>CASH - BEGINNING OF YEAR</b>	<u>273,387</u>	<u>112,311</u>
<b>CASH - END OF YEAR</b>	<u>\$ 337,620</u>	<u>\$ 273,387</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 174</u>	<u>\$ 1,334</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Note receivable acquired through non-cash acquisition of Transmission City	<u>\$ 64,930</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business.** Moran Industries, Inc., d/b/a Moran Family of Brands (“Moran”), was incorporated on July 27, 1990, and entered into an asset sale agreement on August 28, 1990 to purchase certain assets from the Automotive Franchise Corporation Bankruptcy Estate. The purchase was consummated on October 24, 1990. Alta Mere Industries, Inc. was incorporated in Illinois on June 27, 1996, and entered into a merger agreement with AMI Franchising, Inc., a Texas Corporation, on June 30, 1996. The merger was completed on July 24, 1996, with Alta Mere Industries, Inc. as the surviving corporation. On July 1, 2007, Moran and Alta Mere Industries, Inc. merged, with Moran as the surviving corporation.

Effective July 1, 2010, Moran recapitalized, redeeming all of its then outstanding common stock of Moran for a stock redemption note of \$1,500,000 and a stock purchase note from the new majority stockholder for \$1,500,000. An amount of 10,000 shares of class A common stock were issued to the majority stockholder and two minority stockholders. The stock purchase note includes interest only payments until the stock redemption note is fully paid in accordance with the terms as disclosed in Note 3. The recapitalization was entered with related parties and, therefore, was accounted for at book value and does not represent a change in control.

Moran is a franchisor for after-market auto repair shops, high-tech automotive accessories, and window tinting specialists.

System-wide revenues include income at all Moran franchisee locations. While income by franchisees is not recorded as income by Moran, management believes the information is important in understanding Moran’s financial performance because it is the basis on which Moran calculates and records royalty income and is indicative of the financial health of their franchisee base. The financial statements include supplementary information which provides the statements of income as if system-wide revenues, as unaudited, were recorded by Moran.

In January 2019, Moran acquired the operations of one of its related party service centers (Transmission City). The Company recorded a note receivable for approximately \$65,000, net of related party receivables and payables between the two entities, recognizing other income of approximately \$23,000, included in other expenses, net. Activities related to the service center subsequent to the business combination are included in the accompanying financial statements.

**Management Estimates and Assumptions.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Moran’s significant estimates include (1) the allowances for doubtful accounts, and (2) warranty fund liability. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

**Concentrations of Credit Risk.** Moran regularly maintains cash balances that exceed Federal Depository Insurance Corporation limits.

**Revenue Recognition.** Effective January 1, 2019, the Company adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* (“ASC 606”). Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. The Company adopted, and prepared its financial statements, in accordance with ASC 606 using the modified retrospective method. The Company has applied this standard to all open contracts at the effective date and all contracts entered into thereafter, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company did not record a cumulative-effect adjustment to stockholders’ equity for adopting ASC 606 as the adjustment was immaterial. There was no material impact on net income in the accompanying statement of operations for the year ended December 31, 2019 from the adoption of ASC 606.

(Continued)

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue Recognition*** (Concluded).

*Nature of Promises to Transfer and Timing of Satisfaction.* Distinct performance obligations are as follows:

- Royalty income is recorded and recognized weekly based upon a percentage of the franchisees gross sales. The franchisees are provided training, technical support, advisory services, and advertising and promotional tools, as well as protection against trademark, service mark, and patent infringement. Royalty income is recognized over time based on the week royalty report.
- Centralized fleet revenue represents franchisee service for corporate customers. The Company earns a percentage of the franchisee services and revenue is recognized over time when the services are performed.
- Initial franchise fees represent new location up-front fees. The Company provides on-boarding and pre-opening support to prospective franchisees. The up-front performance obligations are not highly interrelated with the franchise brand and the prospective franchisee can benefit from the services if the franchisee location is not opened. Such fees are recognized over time as the up-front performance obligations are performed.
- Sales income represents one of the brands service centers which is under control of the Company. Revenue is recognized over time as services are performed.
- Other revenue represents various services provided to franchisees that are not included in royalty income. Revenue is recognized over time as services are provided.

*Allocating the Transaction Price.* The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes).

To determine the transaction price of a contract, the Company considers its customary business practices as well as the terms of the contract. For the purpose of determining transaction prices, the Company assumes that the goods and services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be cancelled, renewed, or modified.

The Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars and payable in cash. Consideration paid for services that customers purchase from the Company is nonrefundable. Therefore, at the time revenue is recognized, the Company does not estimate expected refunds for services nor does the Company adjust revenue downward.

*Significant Payment Terms.* Payments are typically due within 30 days after an invoice is sent to the customer. Invoices for goods are typically sent to the customer at the time of shipment. Invoices for services are typically sent in advance.

The Company's revenues do not include constrained variable consideration components. The total revenue recorded cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, the Company recognizes revenue based on the faithful depiction of the consideration that is expected to be received. The result of making these estimates will impact the line item trade accounts receivable in the consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from those estimates. The Company expects royalty income, centralized fleet revenue, sales income and other revenue to be collected within required payment terms, however, the Company records a note receivable for significant past due accounts receivable which includes a financing arrangement at the prevailing interest rates.

*Disaggregation of Revenue.* The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated:

- Type of customer: Services provided by the Company are rendered to business entities, lack seasonality, and do not necessarily correlate with economic cycles.

(Continued)

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

*Practical Expedients.* The Company has adopted certain practical expedients under ASC 606 with significant items disclosed herein. The Company has elected to adopt the portfolio approach to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually.

Prior to the adoption of ASC 606, the Company recognized revenue for franchise agreements upon execution of the franchise agreement, and for royalty income, weekly based upon a percentage of each franchisees gross sales.

**Accounts Receivable, Notes Receivable, and the Allowances for Doubtful Accounts.** Accounts receivable are uncollateralized royalties due to Moran based on the franchisees revenue. Notes receivable represent long-term notes entered into with various franchisees to assist in facility set-up costs, or other assistance. The notes are due under various terms as specified, generally include the equipment, inventory and parts as collateral, and charge interest at the market prevailing rates. The carrying amount of accounts receivable and notes receivable are reduced by valuation allowances that reflects management's best estimate of amounts that will not be collected. Management individually reviews past due balances and, based on an assessment of franchisees current creditworthiness, and underlying collateral, estimates the portion, if any, that will not be collected. Additionally, management assesses the remaining balances of accounts receivable and notes receivable based on past experience and an assessment of future economic conditions to determine its best future estimate of the portion that will not be collected.

**Fixed Assets.** Office equipment, computers, software, signs, autos, and leasehold improvements are recorded at acquisition cost. Depreciation is recorded on the straight-line method over the estimated useful lives of the respective assets. Fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no impairment charges for the years ended December 31, 2019 and 2018.

**National Creative Marketing Fund.** The Company developed the National Creative Marketing Fund (the "Fund") to pay for creative marketing, in accordance with the agreements entered into. Certain franchisees and suppliers remit a payment to the Fund, which are held by Moran but controlled by a board of franchisees, and included in cash (see Note 2).

**Warranty Fund Liability.** Certain franchisees remit a payment to a warranty fund held by Moran to pay any estimated future claims for warranty repairs which franchisees may fail to honor; on service center warranties or reimbursements that are unpaid; and for warranties which are the responsibility of any center which has closed for any reason and not reopened.

**Income Taxes.** Moran has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, Moran's stockholders are personally responsible for income taxes on Moran's taxable income. As such, no provision is made for income taxes in the accompanying financial statements. Moran is responsible for certain other state taxes.

Moran may make a distribution to its stockholders in 2020 in connection with such stockholders' respective income tax liabilities incurred for 2019 as a result of Moran's Subchapter S income tax status.

**Recent Accounting Pronouncements.** In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating this standard.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CASH**

The portion of funds restricted for the benefit of the National Creative Marketing Fund was \$81,882 and \$53,105 as of December 31, 2019 and 2018, respectively.

**NOTE 3 – LINE OF CREDIT**

The Company has a line of credit with maximum borrowings of \$150,000 and interest payable at the prime rate (4.75% at December 31, 2019) plus 0.50%. The line of credit expires December 9, 2020, is collateralized by substantially all assets of the Company, and is guaranteed by a stockholder of the Company. There were no outstanding borrowings as of December 31, 2019 and 2018.

**NOTE 4 – LONG-TERM DEBT**

Long-term debt is as follows as of December 31:

	2019	2018
Stock redemption note payable bearing interest at 6% payable at varying amounts including principal and interest. The note is personally guaranteed by the majority stockholder.	\$ 342,611	\$ 479,080
Note payable bearing interest at 3.05% payable in monthly installments of \$1,492, including interest, collateralized by the specific asset financed.	-	8,863
	342,611	487,943
Less: Current portion	136,468	145,331
	\$ 206,143	\$ 342,612

Future maturities of long-term debt are as follows as of December 31, 2019:

Year Ending December 31	Amount
2020	\$ 136,468
2021	136,468
2022	69,675
	\$ 342,611

Monthly obligations under the stock redemption note and the stock purchase note (Note 1) are approximately \$22,500. The interest only payments related to the stock purchase note are accounted for as distributions to the majority stockholder until the stock redemption note is fully paid in accordance to the terms disclosed above. Total payments under the notes mature in July 2028.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – OPERATING LEASES**

Moran leases corporate office headquarters under an agreement with the former majority stockholders under a month-to-month lease, with monthly payments of approximately \$9,300, plus real estate taxes. Additionally, the Company owns a service center that operates under an agreement with the former majority stockholder under a month-to-month lease, with monthly payments of approximately \$4,500, plus real estate taxes. Rent expense was approximately \$163,000 and \$114,000 for the years ended December 31, 2019 and 2018, and is included in operating expenses.

Moran leases equipment under a non-cancelable operating lease expiring November 2020, then renews annually as defined, with monthly payments of approximately \$850 plus usage charges. Rent expense was approximately \$11,000 and \$12,000 for the years ended December 31, 2019 and 2018, respectively. Minimum rental commitments are approximately \$9,000 for the year ending December 31, 2020.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The former majority stockholders of Moran are the majority stockholders in Transmission City, Inc., a franchisee of Moran. Effective January 1, 2019, the Company acquired Transmission City. Balances and activity with Transmission City, Inc. are as follows as of and for the years ended December 31:

	2019	2018
Notes receivable due from Transmission City, Inc.	\$ -	\$ 21,621
Management fees earned by Transmission City, Inc.	\$ -	\$ 100,000

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Litigation.** In the ordinary course of business, there may be various claims or lawsuits brought by or against Moran. Management is not aware of any claims or lawsuits that could materially affect the financial position, results of operations, or liquidity of Moran.

**Warranty Liability.** Moran accrues an estimate of its exposure to warranty claims based on franchisees payments to the warranty fund. Changes in Moran's warranty liability were as follows for the years ended December 31:

	2019	2018
Warranty accrual, beginning of period	\$ 234,000	\$ 213,000
Warranty funds collected	45,000	35,000
Warranty funds reimbursed	( 16,000)	( 14,000)
Warranty funds adjustment	( 47,000)	-
Warranty accrual, end of period	\$ 216,000	\$ 234,000

**Employee Benefit Plan.** The Company sponsors a 401(k) plan for eligible employees. The plan provides for the Company to make discretionary matching and profit sharing contributions. Total contributions were \$14,970 and \$-0- for the years ended December 31, 2019 and 2018, respectively.

**MORAN INDUSTRIES, INC.**  
**(d/b/a MORAN FAMILY OF BRANDS)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – SUBSEQUENT EVENTS**

Moran's management has evaluated all known subsequent events from December 31, 2019 through March 9, 2020, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.

**EXHIBIT D**

**COMPLIANCE CERTIFICATION**

The date on which I received a franchise disclosure document was \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The date when I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed was \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt page) was \_\_\_\_\_, 20\_\_\_\_.  
Franchisee's Initials \_\_\_\_\_

The earliest date on which I delivered cash, check or other consideration to Moran Industries, Inc. d/b/a Moran Family of Brands® ("Franchisor") or any other person or company was \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

**Representations:**

No promises, agreements, contracts, commitments, understandings, "side deals," options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or otherwise) nor have I relied in any way on any such except as expressly set forth in the Franchise Agreement or written addendum signed by me and the President of Franchisor except as follows:

\_\_\_\_\_  
\_\_\_\_\_.  
(If none, the prospective franchisee shall write "NONE" in his/her own handwriting and initial same.)  
Franchisee's Initials \_\_\_\_\_

No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the franchise disclosure document or the Franchise Agreement was made to me by any person or entity, except as follows:

\_\_\_\_\_  
\_\_\_\_\_.  
(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)  
Franchisee's Initials \_\_\_\_\_

No oral, written or visual claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me which contradicted, expanded upon or was inconsistent with the disclosure document by any person or entity, except as follows:

\_\_\_\_\_  
\_\_\_\_\_. (If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)  
Franchisee's Initials \_\_\_\_\_

No contingency, condition, prerequisite, prior requirement, proviso, reservation, impediment, stipulation, provision or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of a site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement and/or any other documents to be executed by me nor have I relied in any way on any such, except as expressly set forth in a writing signed by me and the President of Franchisor, except as follows:

\_\_\_\_\_  
\_\_\_\_\_. (If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.) Franchisee's Initials \_\_\_\_\_

I hereby understand that my initial franchise fee is not refundable.  
Franchisee's Initials \_\_\_\_\_

I acknowledge that: Except as expressly set forth in the disclosure document, Franchisor does not make or endorse nor does it allow any employee or representative to make or endorse any oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which states or suggests any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) with respect to this or any other franchise, whether made on behalf of or for Franchisor, any franchisee or other individual and expressly disclaims any such information, data or results.

I acknowledge that: Franchisor does not permit any promises, agreements, contracts, commitments, understandings, "side-deals," options, rights-of-first-refusal or otherwise or variations of, changes in or supplements to the Franchise Agreement or the existence of any contingencies or conditions to franchisee's obligations except by means of a written addendum signed by franchisee and Franchisor.

If any such representations, "side-deals," contingencies or otherwise have been made to you by any person or otherwise exist, immediately inform the President of Franchisor.

The prospective franchisee understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

FRANCHISEE

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

**EXHIBIT E**

**TURBO TINT FRANCHISE AGREEMENT**

This Franchise Agreement (this "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between MORAN INDUSTRIES, INC., an Illinois corporation d/b/a Moran Family of Brands®, with its principal business office in Orland Park, Illinois ("FRANCHISOR"), and \_\_\_\_\_, whose address is \_\_\_\_\_ ("FRANCHISEE").

**WITNESSETH:**

WHEREAS, FRANCHISOR has expended time, effort, and substantial sums of money for the benefit of itself and its franchisees to acquire experience, knowledge and a reputation with the public with respect to the operation of retail stores which specialize in the installation and service of automotive window tint, automotive paint protection film, architectural window tint, and automotive accessories, which stores provide specialized window tinting and paint protection installation and services and the sale of automotive accessories in a unique and distinctive manner; and

WHEREAS, FRANCHISOR has built up valuable goodwill throughout portions of the United States for the mark of "TURBO TINT™" and in various products which are sold under the name of "TURBO TINT;" and

WHEREAS, the success of TURBO TINT and all authorized TURBO TINT franchisees depends upon the continuation of this goodwill and upon the continued operation of specialized automotive window tinting, paint protection, architectural window tinting and accessories stores adhering to the highest standards of business practices on the part of TURBO TINT franchisees, and the maintenance by franchisees of efficient, prompt and courteous service to the public; and

WHEREAS, FRANCHISOR is the owner of the entire right, title and interest, together with all goodwill connected therewith, in and to a widely recognized trade name, trademarks, and service marks, know-how and information, including trade secrets, relating to the operation of specialized auto window tinting, auto alarm and other accessories stores using the TURBO TINT mark; and

WHEREAS, FRANCHISOR is engaged in the business of granting franchises/licenses for the operation of specialized automotive window tinting, paint protection, architectural window tinting and accessories stores using the TURBO TINT mark (singularly, a "TURBO TINT STORE," or a "Store," and in multiples, "TURBO TINT STORES" or "Stores") together with the right to use the know-how, decor and color scheme, trademarks, service marks, and trade names owned and developed by FRANCHISOR; and

WHEREAS, FRANCHISEE desires to obtain a license from FRANCHISOR for the use of said know-how, trade names, trademarks, service marks, and other rights in connection with the business of operating a TURBO TINT STORE in accordance with the highest business and ethical standards; and

WHEREAS, FRANCHISEE recognizes and acknowledges the unique relationship of each franchisee to the other, and to prospective franchisees and to FRANCHISOR under the TURBO TINT mark, and further recognizes and acknowledges the mutual benefits to be derived through the maintenance of certain uniform standards and policies set by FRANCHISOR and derived through open communication and disclosures with the other franchisees and with FRANCHISOR, and in reliance of each upon the other for the faithful performance of the terms and conditions of this Agreement; and

WHEREAS, FRANCHISEE represents that its execution of this Agreement will not violate any other agreement or commitment to which FRANCHISEE is a party; and

WHEREAS, FRANCHISEE has made a full and complete independent investigation of this opportunity and consulted with any professionals deemed necessary by FRANCHISEE in FRANCHISEE's discretion; and

WHEREAS, FRANCHISOR has made no promises or inducements to FRANCHISEE not reflected in this Franchise Agreement or in the Franchise Disclosure Document, including but not limited to, projections or promises of any actual or prospective profits of this opportunity.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, FRANCHISOR and FRANCHISEE agree as follows:

1. GRANT. FRANCHISOR grants to FRANCHISEE, and FRANCHISEE hereby accepts a franchise for a TURBO TINT STORE, together with the right to use FRANCHISOR's know-how, trade names, trademarks, and service marks for **(select one)**:

- a Single TURBO TINT STORE
- a TURBO TINT multi-unit three (3) pack
- a TURBO TINT multi-unit five (5) pack

The STORE shall be operated from the following location:

If the above-described location is a market area rather than a street address for the exact premises on which the TURBO TINT STORE shall actually be constructed or operated, then FRANCHISEE must acquire an exact location approved in writing by FRANCHISOR within the said market area and must commence operations of the Store all within a reasonable time, not to exceed one (1) year from the date hereof. FRANCHISOR may, however, in FRANCHISOR's sole discretion extend such one (1)-year period. Such extension, if granted, shall be in writing. FRANCHISOR and FRANCHISEE shall establish a reasonable time to commence operations for each location if FRANCHISEE will be opening multiple locations. Opening schedule will be agreed to, based upon factors such as demographics of the market, management plan and FRANCHISEE's financial capabilities. FRANCHISOR's approval of an exact location selected by FRANCHISEE shall not be unreasonably withheld. This Agreement shall, at FRANCHISOR's option, terminate if FRANCHISEE has not acquired an exact location approved in writing by FRANCHISOR and operations at an exact location within the market area described above have not been commenced by FRANCHISEE, all within said one (1)-year period, unless extended as set forth above.

Upon approval by FRANCHISOR of the exact location, it is agreed that the market area designated above in this Section shall then read as if the exact location and address were inserted herein at the time of the execution of this Agreement.

If the above-described location is an exact location which is to be leased by FRANCHISEE, FRANCHISEE further acknowledges that this Agreement is contingent upon the execution by all parties named therein of the attached Lease and Addendum to Lease Agreement, identified as Exhibit "A" and incorporated herein by reference.

The Store shall be operated under the terms and conditions of this Agreement solely at the location described herein or such other exact location as is approved by FRANCHISOR and at no other location during the term of this Agreement and any renewals. Relocation of the Store shall be selected and approved, including but not limited to completion of a market analysis and demographics study in writing by FRANCHISEE and FRANCHISOR. FRANCHISOR reserves the right to grant additional franchises in the same city where said Store is situated, subject to the rights granted to FRANCHISEE in Section 2 below.

If the above-described location is not a market area, but an exact location containing a street address or other precise description of the location of the TURBO TINT STORE, then FRANCHISEE must commence operations of the Store within one hundred twenty (120) days from the date hereof. If

FRANCHISEE fails to commence operations within said one hundred twenty (120)-day period, this Agreement may, at FRANCHISOR's option, be terminated.

FRANCHISEE acknowledges that the initial franchise fee to be paid to FRANCHISOR has been earned by FRANCHISOR and FRANCHISOR shall not be obligated under any circumstances to refund said initial franchise fee.

FRANCHISEE further understands and agrees that FRANCHISEE is solely responsible for the acquisition of a location for the operation of the Store licensed hereunder. FRANCHISOR or FRANCHISOR's approved national real estate vendor will provide FRANCHISEE with site selection assistance. FRANCHISEE understands and agrees that FRANCHISEE must work effectively with FRANCHISOR's approved national real estate vendor who is familiar with the franchise system's real estate needs and requirements. FRANCHISOR's site selection process shall include assisting the FRANCHISEE with assessing the market, coordinating with brokers and finding suitable prospective sites for the Store. In order to be approved by FRANCHISOR the selected site must meet FRANCHISOR's standard criteria as provided in the Manual. Although FRANCHISOR must approve FRANCHISEE's selected site, FRANCHISEE acknowledges and agrees that final site selection belongs solely to FRANCHISEE. FRANCHISEE acknowledges hereby that it has not been guaranteed or promised that FRANCHISOR will seek or obtain any such location; that FRANCHISOR has not guaranteed or promised FRANCHISEE that any such location submitted to FRANCHISOR will be approved; and that FRANCHISEE has been fully informed by FRANCHISOR, and understands and agrees hereby, that obtaining such approved location is FRANCHISEE's sole responsibility, and not the responsibility of FRANCHISOR. FRANCHISEE must submit to FRANCHISOR for review and approval prior to signing; any lease or sublease including any amendments, and any leasehold improvement plans or if FRANCHISEE is purchasing real estate, the letter of intent.

If FRANCHISEE has purchased the right to open multiple TURBO TINT STORES, each reference to "the TURBO TINT STORE" or a "TURBO TINT STORE" herein shall refer to each individual TURBO TINT STORE that FRANCHISEE operates, unless otherwise specified, under this Agreement. All obligations under this Agreement shall apply individually to each TURBO TINT STORE that FRANCHISEE operates.

2. LIMITED EXCLUSIVITY. FRANCHISOR shall not open a company-owned or other franchised TURBO TINT STORE within a three (3)-mile radius of FRANCHISEE's location. No exclusive area or territory is granted otherwise hereunder. Except for within the three (3)-mile radius of FRANCHISEE's location, FRANCHISOR shall have the right, at any time, to convert any existing automotive accessory or repair facility to a Store, or franchise additional Stores in any location FRANCHISOR deems desirable, subject to the procedures set forth below.

If FRANCHISOR elects to increase the number of TURBO TINT STORES in the city in which FRANCHISEE's Store is located, FRANCHISOR shall notify FRANCHISEE in writing. This written notice shall state the amount of franchise fee to be charged by FRANCHISOR in connection with the development of the additional Stores within said city. FRANCHISEE may apply for the franchise to be established within said city, but will not have the exclusive right to the franchise. FRANCHISOR shall evaluate FRANCHISEE's application and, in its sole discretion, either approve or disapprove purchase of the new franchise or franchises by FRANCHISEE. If FRANCHISEE is approved for the purchase of such additional franchise or franchises, FRANCHISEE shall, within fourteen (14) calendar days after FRANCHISEE receives notice of such approval, execute FRANCHISOR's then current Franchise Agreement and pay to FRANCHISOR the then current initial franchise fee for the additional Stores (or such other fee as the parties may have agreed to in writing).

If FRANCHISOR acquires a chain of established businesses similar to or competitive with TURBO TINT Stores, and a location already exists in FRANCHISEE's area, FRANCHISOR reserves the right to keep that location open, either by operating it or selling it to another franchisee.

3. TERM.

(a) Unless terminated earlier in accordance with the terms set forth herein, this Agreement and the franchise granted hereunder shall have a term of fifteen (15) years from the date hereof. At the expiration of such fifteen (15)-year period the franchise shall be automatically renewed on the same terms and conditions set forth herein for one additional fifteen (15)-year term, unless:

(i) FRANCHISEE notifies FRANCHISOR in writing not less than six (6) months prior to the expiration of the initial term that FRANCHISEE does not wish to renew the franchise; or

(ii) FRANCHISOR notifies FRANCHISEE at least six (6) months prior to the expiration date of the initial term that the franchise shall be renewed on the terms and conditions set forth in FRANCHISOR's then current Franchise Agreement and provides FRANCHISEE with a copy of the same for FRANCHISEE's execution.

(b) Should FRANCHISEE continue to operate the Store past the initial term and any subsequent renewal period, it shall be considered to be operating on a month-to-month basis under the terms of this Agreement, with the exception of the current royalty rate, until a new then-current form of franchise agreement is signed. Until the new franchise agreement is signed the royalty rate shall automatically increase to ten percent (10%). Upon FRANCHISOR's receipt of the newly signed franchise agreement the royalty rate shall revert back to the original rate.

(c) Notwithstanding the above, however, FRANCHISOR shall have the option to refuse to renew FRANCHISEE's franchise unless all of the following conditions are met:

(i) FRANCHISEE shall not be in default of any provision of this Agreement or any amendment or successor hereto or any other agreement between FRANCHISEE and FRANCHISOR or its subsidiaries and affiliates, and FRANCHISEE shall have fully and faithfully performed all of its obligations throughout the term hereof; and

(ii) If FRANCHISOR requires, FRANCHISEE shall execute FRANCHISOR's then current Franchise Agreement, which agreement shall supersede in all respects this Agreement, and pay any and all renewal fees which may be imposed by FRANCHISOR; provided, however, that FRANCHISEE shall not have any additional renewal rights; and provided further that any royalty fees shall be in accordance with the rate then in effect for new franchisees; and

(iii) FRANCHISEE will complete to FRANCHISOR's satisfaction all maintenance, refurbishing, renovation, modernizing and remodeling of the Store as FRANCHISOR shall reasonably require so as to reflect the then current image of a Store; and

(iv) FRANCHISEE shall be current in the payment of all obligations to FRANCHISOR and any of its affiliates or subsidiaries; and

(v) Prior to renewal, FRANCHISEE, and/or FRANCHISEE's manager(s) shall at FRANCHISEE's expense, attend and successfully complete to FRANCHISOR's reasonable satisfaction any retraining program FRANCHISOR may require; and

(vi) FRANCHISOR shall be satisfied as to the operational and financial good standing both of FRANCHISEE and any Stores operated by FRANCHISEE pursuant to a license from FRANCHISOR.

4. CONSTRUCTION. If the building in which the TURBO TINT STORE is to be located is to be constructed subsequent to the execution hereof, FRANCHISOR shall furnish FRANCHISEE with its standard plans and specifications for TURBO TINT STORES upon the written request of FRANCHISEE. Before commencing construction, FRANCHISEE shall, at its expense, furnish to FRANCHISOR a copy of FRANCHISEE's plans and specifications for construction of the Store in proposed final form, which plans and specifications shall have been adopted from FRANCHISOR's standard plans and specifications and which, if approved, shall not thereafter be changed without FRANCHISOR's prior written consent.

5. SIGNS. FRANCHISEE recognizes that uniformity in the image projected to the public through signs is essential in creating goodwill among the public for TURBO TINT STORES on a national basis. FRANCHISEE agrees to comply strictly with the specifications provided by FRANCHISOR from time to time for all signs used on the premises. FRANCHISOR will make available to FRANCHISEE for purchase signs meeting FRANCHISOR's specifications, but FRANCHISEE shall not be obligated to purchase signs from FRANCHISOR. FRANCHISOR reserves the right to modify any specifications in accordance with any applicable local, city, county, state and/or federal codes, laws, rules, regulations, ordinances and/or requirements. Such modifications may include size, construction, material, lighting, etc.

6. TRAINING AND SITE LOCATION ASSISTANCE.

(a) At the time of signing the Franchise Agreement, FRANCHISEE shall pay to FRANCHISOR a training fee in the amount of Four Thousand Dollars (\$4,000.00) and a technician training fee in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) and FRANCHISEE shall attend and satisfactorily complete a mandatory training program conducted by FRANCHISOR as outlined in the Manual. This training fee is required for the first franchised location only. No additional training fee shall be required for additional locations unless FRANCHISOR deems it necessary based on the performance of the flagship location. FRANCHISOR's mandatory training program consists of the following components:

- (i) One (1) week of franchise owner/operator training;
- (ii) One (1) week of store management and technician training; and
- (iii) One (1) week of in-store "field" training.

(b) Franchise owner/operator training and store management and technician training shall be conducted by FRANCHISOR at FRANCHISOR's support center in Orland Park, Illinois or at another location designated by FRANCHISOR. In-store "field" training shall be conducted by FRANCHISOR or a designated representative of FRANCHISOR at a currently operating TURBO TINT STORE designated by FRANCHISOR. Based upon FRANCHISOR's overall evaluation and FRANCHISEE's test scores, additional "field" training may be extended for a period of up to three (3) weeks. This will increase your costs to attend. In addition, FRANCHISEE may be required to complete specific training courses and testing on Moran University from time to time.

(c) FRANCHISEE shall attend and complete all components of FRANCHISOR's training program to FRANCHISOR's reasonable satisfaction prior to the opening of the TURBO TINT STORE. Space permitting, and at FRANCHISEE's request, FRANCHISOR shall make its training program available to up to two (2) additional attendees who are employed by, or associated with FRANCHISEE at no additional charge. An additional attendee may be limited to attending those portions of FRANCHISOR's training program which FRANCHISOR deems appropriate depending on the nature of the attendee's association with FRANCHISEE.

(d) In the event that the franchise granted hereunder to FRANCHISEE is granted to two (2) or more individuals as co-owners or in partnership, or who have formed a limited liability company or corporation for the ownership and operation of the Store, then such owners must designate an owner who will be primarily responsible for the supervision and management of the day-to-day operations of the Store on a full-time basis. The designated full-time owner must have an equity interest in the franchise license and ownership of the Store that is equal to at least thirty-three and one third percent (33 $\frac{1}{3}$ %) and

furthermore he or she must attend and complete FRANCHISOR's training program to FRANCHISOR's reasonable satisfaction prior to the opening of the TURBO TINT STORE.

(e) FRANCHISEE further agrees that if FRANCHISEE designates another individual who will manage the sales and/or production of the TURBO TINT STORE, or otherwise function as a manager, then FRANCHISEE shall promptly notify FRANCHISOR. Further, FRANCHISEE shall be required to have such manager attend the one (1)-week component of FRANCHISOR's training program which is dedicated to store management training. If FRANCHISEE appoints a manager prior to the opening of the TURBO TINT STORE licensed herein, then the manager shall join FRANCHISEE at FRANCHISOR's training program after FRANCHISEE completes franchise owner/operator training and the manager shall attend the one (1)-week store management training with FRANCHISEE at no additional charge to FRANCHISEE. If FRANCHISEE appoints a manager after the opening of the Store, or if FRANCHISEE replaces a manager, the new manager must attend and complete the one (1)-week center management training to FRANCHISOR's reasonable satisfaction the next time such training is offered. FRANCHISOR reserves the right to charge a fee to provide such training to a replacement manager. Notwithstanding the requirements of this Section 6(e), if a designated manager has substantial prior experience within the system, FRANCHISOR may, in its sole discretion, grant FRANCHISEE a waiver of the requirement that FRANCHISEE have the manager attend the store management training component of FRANCHISOR's training program.

(f) In the event the franchise is not operational within one hundred eighty (180) days after the completion FRANCHISOR's training program by the appropriate individual(s), in addition to any other rights FRANCHISOR may have under this Agreement for such failure to open, said individual(s) must re-attend and complete to FRANCHISOR's reasonable satisfaction such portions of the training program as FRANCHISOR deems necessary.

(g) FRANCHISEE shall also attend such further training and instructional courses, together with any meetings, as FRANCHISOR may from time to time determine to be necessary in order to ensure that FRANCHISEE continues to provide high standards of expertise and service to the public.

(h) FRANCHISOR's training courses shall take place at such location as FRANCHISOR shall designate. FRANCHISEE shall be responsible for its own expenses in attending such courses (and the expenses of its additional attendees, if applicable), including, without limitation, travel, meals, lodging and transportation expenses.

(i) FRANCHISEE acknowledges that attendance at FRANCHISOR's training programs is important to the success of both FRANCHISOR and FRANCHISEE, and FRANCHISEE agrees to attend these programs. The failure of FRANCHISEE to attend any required training course or meeting may result in the termination of this Agreement.

(j) FRANCHISOR or FRANCHISOR's approved vendor will provide FRANCHISEE with site selection assistance. FRANCHISOR's site selection process shall include assisting the FRANCHISEE with assessing the market, coordinating with brokers and finding a suitable site for the TURBO TINT STORE. FRANCHISOR may, upon request, and according to FRANCHISOR's established procedure, and based solely on its scheduling requirements, visit any site upon which FRANCHISEE proposes to establish its TURBO TINT STORE for the sole purpose of approving said site for said purpose; provided, however, that the responsibility for selecting a location acceptable to FRANCHISOR is the sole responsibility of FRANCHISEE and by providing such site approval, FRANCHISOR does not guarantee, promise or warrant in any way that FRANCHISEE will be successful at a site which has been approved by FRANCHISOR. It is expressly agreed that such site approval does not affect FRANCHISEE's obligations for commencement of operations in accordance with Section 1 hereof and shall not be construed as, in any way, giving rise to a claim by FRANCHISEE for refund of any monies paid by FRANCHISEE to FRANCHISOR, or any other such claim, including, but not limited to, failure of consideration, estoppel or that FRANCHISEE should not be required to open its Store as required by this Agreement.

(k) FRANCHISOR may, at FRANCHISOR's sole discretion as to time after the opening of FRANCHISEE's Store, provide a qualified representative of FRANCHISOR who shall, at FRANCHISOR's expense, assist FRANCHISEE in the operation of FRANCHISEE's Store for such period of time as deemed necessary by FRANCHISOR. After the initial opening, FRANCHISOR shall continue to provide supervisory assistance to FRANCHISEE, at FRANCHISOR's expense, at such times and in such manner as FRANCHISOR shall consider advisable or appropriate. In order to facilitate this assistance and increase its effectiveness, FRANCHISEE shall allow a representative or representatives of FRANCHISOR on FRANCHISEE's premises at any time during normal working hours or at any time FRANCHISEE or an employee of FRANCHISEE is on the premises. Further, FRANCHISEE, shall make available to such representative(s) any information requested and permit said representative(s) to inspect the premises, equipment, inventory, supplies, and merchandising methods, as well as to make such tests or surveys as the representative(s) considers necessary. FRANCHISEE understands and agrees that FRANCHISOR does not promise, warrant or guarantee any such visits or the number thereof, and acknowledges hereby that any such visits will be at the sole and absolute discretion of FRANCHISOR as to timing and number, and that no minimum number of visits is required hereby.

(l) FRANCHISOR may, at its option, schedule conferences from time to time to which all franchisees or their representatives shall be invited. FRANCHISEE understands the importance of such meetings scheduled by FRANCHISOR. These conferences will normally cover such topics as merchandising techniques, sales and marketing, financial management, automotive technical updates, performance standards, advertising programs, and procedures. During the term of this Agreement FRANCHISEE shall be required to attend and agrees it shall attend any and all such conferences scheduled by FRANCHISOR. All such conferences shall be conducted or hosted at the expense of FRANCHISOR, but FRANCHISEE shall be responsible for its own expenses for transportation, food, lodging and other costs in attending said conferences.

7. AGREEMENT OF FRANCHISEE WITH REGARD TO FRANCHISOR'S PROPRIETARY MARKS. Throughout this Franchise Agreement, "Proprietary Marks" refers to the trademark "TURBO TINT," and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, slogans, fascia, drawings and other commercial symbols as FRANCHISOR designates or may designate in the future to be used in connection with TURBO TINT STORES. FRANCHISEE hereby acknowledges the validity of the Proprietary Marks and also acknowledges that the Proprietary Marks are the property of FRANCHISOR. FRANCHISEE shall commit no acts which in any respect infringe upon, harm or contest the right of FRANCHISOR in the Proprietary Marks or in any other mark or name which incorporates the names "TURBO TINT." FRANCHISEE agrees to purchase all materials with FRANCHISOR's Proprietary Marks thereon from FRANCHISOR or have all materials with FRANCHISOR's Proprietary Marks approved by FRANCHISOR. FRANCHISEE shall give such notices of trademark and service mark registrations as FRANCHISOR specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a TURBO TINT STORE.

All the rights and privileges granted to FRANCHISEE herein are for FRANCHISEE's enjoyment at the location described in Section 1 and nowhere else, and FRANCHISEE shall never (either during the term of this Agreement or after its expiration and nonrenewal, or termination) use or attempt to use the names "TURBO TINT," or any variation of such names or any other trade name, trademark or service mark of FRANCHISOR in any manner whatsoever, except as authorized by FRANCHISOR in connection with the operation of the TURBO TINT STORE herein licensed, including, but not limited to, the use of any telephone numbers listed in any directory under FRANCHISOR's trade names, trademarks or service marks, use of advertising in any form which states, in any way, that any operation was formerly connected with or known as a TURBO TINT STORE, or the representation to any person or entity that the business being conducted therein is the same or similar to that which operated previously.

The Store operated by FRANCHISEE under the terms of this Agreement and at the location specified herein (or if no location is specified herein, at the location where FRANCHISEE opens or operates any TURBO TINT STORE for any period of time whatsoever) shall be conducted under the name "TURBO TINT" and under no other name. However, FRANCHISEE shall not use the trade names "TURBO TINT" in its firm name or corporate name, notwithstanding the fact that FRANCHISOR grants to FRANCHISEE

the right to incorporate as set forth in Section 24(f) of this Agreement. Further, FRANCHISEE agrees not to register any domain names and also agrees not to establish any websites using any of FRANCHISOR's Proprietary Marks, except as permitted in Section 19(b) of this Agreement. FRANCHISEE agrees to create a business social media account working through FRANCHISOR's marketing department and to post on social media networking sites using FRANCHISOR's guidelines as outlined in the Manual.

FRANCHISEE recognizes that FRANCHISEE's use of the Proprietary Marks, or any other mark or name that incorporates the words "TURBO TINT," inures to the benefit of FRANCHISOR, and that any goodwill arising from such use by FRANCHISEE belongs to FRANCHISOR and shall revert to FRANCHISOR in the event that this Agreement expires and is not renewed or is terminated for any reason. If it becomes advisable at any time in FRANCHISOR's sole discretion, FRANCHISOR may require FRANCHISEE to modify or discontinue the use of any Proprietary Mark and/or authorize and require FRANCHISEE to use one or more additional or substitute Proprietary Marks. FRANCHISEE shall comply and will be responsible for the tangible costs (such as replacing signs and materials) associated therewith. FRANCHISEE's use of any additional, substitute or modified Proprietary Marks shall be subject to all of the same terms and conditions within this Franchise Agreement which govern FRANCHISEE's use of FRANCHISOR's Proprietary Marks.

8. UNIFORM STANDARDS. In order to protect the goodwill associated with FRANCHISOR's name and to prevent any deception to the public, FRANCHISEE shall operate its business in accordance with the standards and requirements of quality, appearance, cleanliness, and service as are from time to time prescribed by FRANCHISOR. FRANCHISEE shall maintain the interior and exterior of the premises in a neat, sanitary, orderly and clean condition satisfactory to FRANCHISOR, and shall make such repairs and renovations as FRANCHISOR may reasonably request including, without limitation, repair and painting of the exterior and interior of the TURBO TINT STORE. In the event that the FRANCHISEE fails to comply with FRANCHISOR's standards within ten (10) days after written notice thereof from FRANCHISOR, FRANCHISOR may, notwithstanding any other rights FRANCHISOR may have pursuant to this Agreement, have such repair, painting or other renovation done at FRANCHISEE's expense. FRANCHISEE will install and maintain all lighting, including that for the interior and exterior of the building, in strict accordance with FRANCHISOR's specifications; FRANCHISEE shall also perform in all respects its obligations as set forth in any Lease of the premises to which FRANCHISEE is a party.

In order to ensure the continued uniformity of operation, FRANCHISEE shall use, at FRANCHISEE's expense, only such invoice forms and sales invoice forms as are furnished by FRANCHISOR.

FRANCHISEE recognizes that the continuous and daily availability of products and services to the public is essential to the adequate promotion of the TURBO TINT STORES and that any failure to provide such products and services affects the goodwill of FRANCHISOR both locally and nationally. Therefore, FRANCHISEE agrees (i) to maintain adequate inventory (as more fully described herein) and trained personnel to serve the public; and (ii) except to the extent that any law may require otherwise, to keep open and in normal operation the TURBO TINT STORE for and during the hours of 8:30 a.m. to 5:30 p.m. Tuesday through Friday and 8:30 a.m. to 5:30 p.m. on Saturday, option to close on Monday, or for such other hours as may be specified by FRANCHISOR, which hours shall not be unreasonable in accordance with the standards of the retail service and installation of automotive window tinting, paint protection film, architectural window tinting and automotive accessories industry. FRANCHISEE shall not be required to operate its business on New Year's Day, Christmas, Thanksgiving, Labor Day, or the Fourth of July. In a market area with multiple Stores, additional hours and holidays shall be determined by the majority of the Stores in the market area, subject to FRANCHISOR's approval.

FRANCHISEE further agrees that it will sell or distribute from the TURBO TINT STORE only such types of products or services as are approved by FRANCHISOR; provided, however, that FRANCHISEE shall have the sole right to determine the prices for resale to its patrons for such products or services. FRANCHISEE shall purchase its products and inventory from FRANCHISOR or such approved vendors as are identified in Section 15.

Without limiting any of the language elsewhere in this Agreement, FRANCHISEE agrees at all times to adhere to a high moral and ethical standard of conduct, and to maintain the premises and all equipment, fixtures and facilities in such a manner as required by municipal, state and county regulations. FRANCHISEE further agrees to provide all customers of the TURBO TINT STORE efficient, courteous and high quality service to the end that the Store shall help create goodwill among the public for all TURBO TINT STORES and that FRANCHISOR, FRANCHISEE, and each franchisee shall be benefited and the public assured of uniform, efficient, courteous and easily recognizable high quality service on a standardized national basis.

FRANCHISEE agrees at all times during the term of this Agreement to diligently promote the business of the TURBO TINT STORE and to make every reasonable effort to maximize the sales of its products and services. To this end, as described in Section 6 of this Agreement, FRANCHISEE understands and agrees that FRANCHISEE's actual participation in the operation of the TURBO TINT STORE shall be on a full-time basis. During the entire term of this Agreement, FRANCHISEE agrees that FRANCHISEE (or the partnership, corporation or limited liability company, if applicable) shall not engage in, participate in, or (except for passive investments) be interested in, any other business, employment, or occupation, and FRANCHISEE shall operate, supervise the day-to-day operations of, and manage the business licensed hereunder on a full-time basis. The FRANCHISEE acknowledges that strict conformity with the standards set forth in this Section will assist in accomplishing this goal.

FRANCHISEE agrees at all times to follow all rules, policies, procedures and manuals for the operation of the Store according to FRANCHISOR, including but not limited to the following: operating manuals, memoranda, procedural protocols and any periodic updates to the same as may be issued and/or required by FRANCHISOR during the term of this Franchise Agreement.

FRANCHISOR shall have no responsibility or liability whatsoever in connection with or for the day-to-day operation of the FRANCHISEE's Store, and FRANCHISEE agrees at all times to be solely responsible for the day-to-day operation of the TURBO TINT STORE. Further FRANCHISEE agrees that FRANCHISEE (or an owner if FRANCHISEE is a business entity) shall be responsible for the on-site supervision of FRANCHISEE's Store during all business hours and, whenever there is any after-hours activity within the Store, during non-business hours.

9. VARIANCE. FRANCHISOR has the right to vary standards and specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of a particular site or circumstances, the demographics of a trade area, business potential, existing business practices or any other condition which FRANCHISOR deems to be of importance to the successful operation of any particular TURBO TINT STORE. FRANCHISOR shall not be required to disclose or grant to FRANCHISEE a like or similar variance hereunder. As set forth in Section 2 2(f), FRANCHISEE shall be entitled to an automatic variance if FRANCHISEE's compliance with any law or regulation to which FRANCHISEE or the Store are subject requires said variance. FRANCHISEE is solely responsible for investigating and complying with all laws and regulations to which FRANCHISEE and/or the Store are subject.

10. ADDITIONAL OBLIGATIONS OF FRANCHISOR. FRANCHISOR may, in its discretion, in addition to all the obligations hereinabove recited, make available the following services to FRANCHISEE:

(a) Furnish from time to time, at FRANCHISOR's sole discretion, counseling and advisory services and suggestions in the planning and development of FRANCHISEE's business;

(b) At FRANCHISOR's sole discretion, apprise FRANCHISEE from time to time of FRANCHISOR's plans, policies, research, and new developments by means of bulletins, brochures, reports, and at FRANCHISOR's option, by periodic visits of FRANCHISOR's field representatives;

(c) Permit FRANCHISEE to attend, at FRANCHISEE's cost and expense, any national or regional meetings sponsored by FRANCHISOR for other franchise holders;

(d) Conduct from time to time, at FRANCHISOR's sole discretion and expense, research and development into the areas of production and methods of operation, and make the results of this research and development available to FRANCHISEE;

(e) Provide advertising and promotional tools which may be developed from time to time by FRANCHISOR through the TURBO TINT CREATIVE FUND to FRANCHISEE or to the chairman of the local advertising group if one exists in FRANCHISEE's area;

(f) Provide protection to FRANCHISEE against trademark or service mark infringement as regards any trade name, service mark or trademark of FRANCHISOR, including the institution of suit or complaint when the same is deemed advisable by FRANCHISOR; and

(g) Defend and hold harmless FRANCHISEE against all claims which may hereinafter be asserted for service mark or trademark infringement of any of the trademarks or service marks authorized by FRANCHISOR for use by FRANCHISEE.

11. FRANCHISE FEE. The initial franchise fee is payable in full upon the execution of this Agreement by FRANCHISEE. FRANCHISEE understands, acknowledges and agrees that the initial franchise fee payable hereunder is fully earned by FRANCHISOR upon receipt, is in payment of the franchise granted hereunder, and is not refundable at any time for any reason whatsoever. FRANCHISEE hereby expressly waives any and all rights which it now has or may in the future acquire, in law or equity, to demand the return of all or any part of the initial franchise fee paid hereunder, for any reason whatsoever. The Franchise Fee under this Agreement shall be Forty Five Thousand Dollars (\$45,000.00) for the right to operate a single TURBO TINT STORE. The Franchise Fee under this Agreement shall be Ninety Nine Thousand Dollars (\$99,000.00) for the right to operate a multi-unit three (3) pack of TURBO TINT STORES. The Franchise Fee under this Agreement shall be One Hundred Sixty Five Thousand Dollars (\$165,000.00) for the right to operate a multi-unit five (5) pack of TURBO TINT STORES. FRANCHISOR acknowledges the receipt of such payment of the Franchise Fee due hereunder. FRANCHISEE acknowledges and agrees that renewal fees may be required in order to renew this Agreement for the additional term provided for herein.

12. ROYALTY FEE. Following the commencement of operations by FRANCHISEE, FRANCHISEE shall make weekly payments to FRANCHISOR, (on or before Wednesday of each week via ACH debit), of a royalty fee in a sum equal to seven percent (7%) of the gross sales or a minimum of One Hundred Seventy Five Dollars (\$175.00) whichever is greater, as hereinafter defined, made by FRANCHISEE during the preceding calendar week. A new Store will be required to pay the weekly royalty of seven percent (7%) but will not be required to meet the minimum of One Hundred Seventy Five Dollars (\$175.00) for the first six (6) months of operation. This temporary waiver of the minimum does not apply to the transfer of an existing Store. If a franchisee continues to operate their Store after expiration of their franchise agreement the royalty fee will automatically increase to 10% until a new then-current form of franchise agreement is signed.

The expression "gross sales" as used in this Agreement shall consist of all sales of any kind whatsoever made regardless of whether cash payment is actually received by FRANCHISEE at the time of the transaction, including credit card sales, redemption of System gift cards, and accounts receivable sales, in connection with the exercise of the franchise granted hereunder including, but not limited to sales of automotive aftermarket, supplies, accessories, and/or any service or product sold within or without the Store premises being operated by FRANCHISEE under this Agreement, excluding intra-company warranty repairs. The term "gross sales" shall not include sales tax, excise tax or other tax with respect to such sales, or revenue you derive from selling or issuing System gift cards, but shall include "business interruption" insurance payments.

FRANCHISEE shall submit weekly to FRANCHISOR (i) an accurate business report showing the gross sales received by it during the preceding calendar week on such forms as are provided or required by FRANCHISOR at FRANCHISEE's expense, (ii) full payment of all royalty fees due via ACH debit, and (iii) such other forms and/or reports as are specified in Section 13. The preceding items shall be received

by FRANCHISOR in the offices of FRANCHISOR no later than Wednesday of each week. Royalties shall be paid without penalty if received by FRANCHISOR on or before Wednesday of each week. FRANCHISEE shall pay any and all fees and other charges in connection with this Agreement (including, without limitation, the continuing franchise fees, royalty fees, creative fund contributions, continuing advertising fees, equipment, supplies and advertising charges, and any applicable late fees and interest charges) by ACH debit, and FRANCHISEE shall undertake all action necessary to accomplish such transfers. If FRANCHISEE fails to pay its royalties as set forth above, FRANCHISEE shall pay the following late payment charges to FRANCHISOR: (1) a one percent (1%) additional gross sales royalty shall be paid by FRANCHISEE in any week where the royalty payment is not paid, an additional one percent (1%) gross sales royalty shall accrue against the current week's royalty and the past due royalty, i.e., if late one (1) week, the royalty shall be eight percent (8%); if late two (2) weeks, the royalty shall be nine percent (9%); if late three (3) weeks, the royalty shall be ten percent (10%). At the expiration of the first five (5)-year period and at the expiration of each five (5)-year period thereafter during the term of this Agreement, FRANCHISOR, may adjust said royalty fee provided, that said royalty fee will not exceed ten percent (10%) of gross sales at any time during the term of this Agreement.

FRANCHISOR, FRANCHISOR's accounting firm, other representatives who may be designated by FRANCHISOR, or other duly authorized agents of FRANCHISOR, shall have the right during business hours to audit or examine, without limitation, at FRANCHISOR's expense, the invoices, receipts, bank records, accountant's or bookkeeper's records, credit bureau records, books, business machines, records, tax returns and other returns of FRANCHISEE; and FRANCHISEE agrees to keep complete and accurate books and records of its operation of the TURBO TINT STORE. FRANCHISEE shall immediately remit to FRANCHISOR any royalty fees or other amounts which such audit reveals are owed to FRANCHISOR plus interest on any past due amounts owed to FRANCHISOR at the highest rate allowed by law from the date any such royalty fees or other amounts became due. If any such audit discloses an error in the computation of the total gross sales made from or on the premises in excess of two percent (2%), FRANCHISEE shall also pay or reimburse FRANCHISOR for any and all expenses incurred by FRANCHISOR in connection with the audit, including, but not limited to, legal and accounting fees. This right of inspection by FRANCHISOR, its accountants or authorized agents shall continue for a period of one hundred eighty (180) days after expiration and nonrenewal, or termination of this Agreement by either party.

In the event any audit discloses that FRANCHISEE has any invoices which are missing or unaccounted for, FRANCHISEE agrees to pay the then current royalty fee/percentage on each such invoice order based on an amount equal to Five Hundred Dollars (\$500.00) for each invoice sale or the amount equal to the average invoice for the TURBO TINT STORE, whichever is greater, the same as if such invoice or invoices had been submitted to FRANCHISOR with such amount thereon.

If FRANCHISEE is more than ten (10) days late in paying any amount owed to FRANCHISOR, other than royalty fees, interest shall accrue on said past due amount at the highest rate allowed by law from the date payment was due. All reports required to be furnished pursuant to this Section and Section 13 must be signed by FRANCHISEE.

FRANCHISOR or its designated agent shall have the right at all times to conduct investigations of the operations of FRANCHISEE, at FRANCHISOR's expense. In conducting such investigations FRANCHISEE shall permit FRANCHISOR or FRANCHISOR's designated representative complete access to its books, business machines, records, premises and operations, and shall allow FRANCHISOR to interview FRANCHISEE's employees. If such investigation reveals that FRANCHISEE has committed any fraudulent or illegal act with respect to the operation of the TURBO TINT STORE, FRANCHISOR, in addition to all other rights and remedies it may have pursuant to this Agreement, shall be reimbursed by FRANCHISEE for the expense of the investigation.

Should any of FRANCHISEE's payments to FRANCHISOR via ACH debit be declined by FRANCHISEE's bank for any reason whatsoever (or in the event FRANCHISOR authorizes FRANCHISEE to make a payment by check, should the check be returned by FRANCHISEE's bank), FRANCHISEE shall pay FRANCHISOR, in addition to any other charges or expenses incurred by FRANCHISOR, a Fifty Dollar (\$50.00) declined ACH debit (or returned check) charge. Should FRANCHISOR receive two (2) or more

ACH debits (or checks) from FRANCHISEE that are declined (or returned) by FRANCHISEE's bank based on insufficient funds or a stop payment within any twelve (12)-month period during the term of this Agreement, then in addition to any other rights FRANCHISOR has, FRANCHISOR may require FRANCHISEE to make all further payments to FRANCHISOR by cashier's check or money order.

13. REPORTS. In addition to the reports required pursuant to the preceding Section, FRANCHISEE agrees to furnish FRANCHISOR with the following reports: (i) a weekly report, signed by FRANCHISEE, setting forth the amount of all deposits, invoices and sales invoices for every type and nature of installation and sale (FRANCHISEE shall attach to this report copies of all deposit slips, invoices and sales invoices); (ii) a monthly report, in a form specified by FRANCHISOR, signed by FRANCHISEE, containing a monthly balance sheet and profit and loss statement as well as a monthly numerical accounting, of all invoices; such report shall be furnished to FRANCHISOR within thirty (30) days of the end of each calendar month; and (iii) an annual financial statement covering the operation of FRANCHISEE's TURBO TINT STORE, such financial statement to be prepared by an independent public accountant and to be certified as to its correctness by FRANCHISEE, or if FRANCHISEE is a corporation or a limited liability company, by an officer of FRANCHISEE. Said financial statement shall be furnished within one hundred twenty (120) days after the end of FRANCHISEE's fiscal year. The profit and loss statement and balance sheet shall contain such information as FRANCHISOR shall reasonably request, including, for example, the information necessary to verify payments due FRANCHISOR under any provision of this Agreement. Upon request of FRANCHISOR, FRANCHISEE shall furnish more frequent reports of gross sales and/or sales by telephone or other means of communication specified by FRANCHISOR. In order to ensure the uniformity of operation and to make maximum effectiveness of the available information concerning Store operation, marketing and financial data, FRANCHISEE shall also submit to FRANCHISOR such additional financial and operating information as FRANCHISOR shall request from time to time.

All reports shall be made only on forms approved by FRANCHISOR or supplied by FRANCHISOR to FRANCHISEE, at FRANCHISEE's expense. All reports or other information furnished by FRANCHISEE shall be received and treated confidentially by FRANCHISOR; provided, however, that FRANCHISOR may use any such information for the compilation of: (i) operating statistics on all of FRANCHISOR's franchises, or groups thereof, for intra-company and public distribution; (ii) sales rankings for publication to franchisees via FRANCHISOR's Intranet; (iii) financial performance representations for publication in FRANCHISOR's franchise disclosure documents for prospective franchisees; (iv) comparative sales charts and tables for publication to franchisees via FRANCHISOR's Intranet; and (v) other similar data compilations.

FRANCHISEE must provide FRANCHISOR with these reports within the applicable time periods. To accommodate efficient tracking and timely submission of such reports, FRANCHISEE must submit reports and documentation to FRANCHISOR electronically in the manner and by the means specified by FRANCHISOR. FRANCHISOR shall also utilize electronic submission of documents to FRANCHISEE for efficiency and tracking.

FRANCHISEE may keep its books and records on either a calendar year or fiscal year basis. All references in this Section to the "year" of FRANCHISEE shall mean either the calendar or fiscal year adopted by FRANCHISEE.

14. COMPUTER AND TELEPHONE SYSTEM. FRANCHISEE agrees to purchase, install, and use a computer and telephone system consisting of hardware and software in accordance with FRANCHISOR's specifications. FRANCHISEE shall use the computer system to maintain its business records, customer information, and sales and other financial information in a format specified by FRANCHISOR in operating manuals or by other communication. FRANCHISOR's specifications may include the requirement to purchase and use hardware, software, and installation, maintenance and/or technical support services supplied by one or more approved suppliers, which may include FRANCHISOR or an affiliate. If FRANCHISOR or an affiliate is an approved supplier, FRANCHISEE may be required to execute a software license, technical support services agreement or other agreement, as applicable. FRANCHISEE shall be required to submit reports to FRANCHISOR electronically. FRANCHISEE further agrees to access and use FRANCHISOR's Intranet in accordance with FRANCHISOR's policies and

procedures. FRANCHISOR may modify specifications for and components of the computerized sales management system, and telephone system from time to time. FRANCHISOR's modification may require FRANCHISEE to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the system. FRANCHISOR has established a VOIP (voice over internet protocol) telephone system. FRANCHISEE shall purchase all telephone equipment from and pay an activation and monthly service fee to FRANCHISOR's approved supplier. FRANCHISOR will own the number(s) FRANCHISEE is permitted to use.

FRANCHISEE further agrees to attend any training program required by FRANCHISOR from time to time in connection with the operation of the required computer system, at FRANCHISEE's sole cost and expense.

In addition to the reports required in the preceding Sections FRANCHISEE agrees to furnish FRANCHISOR on a weekly basis, the following reports, including but not limited to (i) Daily/Weekly Sales Summary, (ii) Sales Invoices, (iii) Vehicle Efficiency Report, and (iv) Daily Customer Register ("DCR") all via the Intranet.

FRANCHISOR shall have full access to FRANCHISEE's computer system, all sales data and all related information by means of direct access, either in person or by telephone, modem or internet to permit FRANCHISOR to verify FRANCHISEE's compliance with its obligations under this Agreement. FRANCHISEE further agrees hereby that FRANCHISOR may without any further approval being required, poll FRANCHISEE's computer system and obtain any and all information contained therein, by any necessary method, including but not limited to, direct telephone connection, at any time deemed necessary by FRANCHISOR, whether on a routine basis or under special circumstances.

15. INVENTORY AND QUALITY CONTROL. In order to ensure consumer acceptance both on a local and national level, FRANCHISEE recognizes the necessity of quality control and standardization as essential conditions of this Agreement. FRANCHISEE agrees to purchase all items used in the operation of the TURBO TINT STORE, including equipment, inventory, products and supplies from FRANCHISOR, or any subsidiary, division or affiliate of FRANCHISOR, the original equipment manufacturer (the "OEM"), or such other vendors as are approved by FRANCHISOR, which approval shall not be unreasonably withheld when such other vendors can meet FRANCHISOR's standards and specifications, including inspection standards. Should FRANCHISEE desire to purchase any item from a source not previously approved by FRANCHISOR, FRANCHISEE shall notify FRANCHISOR in writing and submit such details and specifications regarding the item as FRANCHISOR may require. FRANCHISOR will advise FRANCHISEE within a reasonable time whether the item FRANCHISEE proposes to buy meets FRANCHISOR's approval. The terms of all purchases from FRANCHISOR or its divisions or affiliates (collectively, the "Company Suppliers") shall be COD or "net ten (10) days" or such other terms as the Company Suppliers shall establish. The Company Suppliers shall have the right to require prepayment, if, in their opinion, FRANCHISEE's financial condition or other circumstances do not warrant shipment in advance of payment.

FRANCHISEE shall submit its orders for inventory to the Company Suppliers in sufficient time to enable them to fill the orders in the usual course of business. The Company Suppliers shall not be liable for any delay in the delivery of any orders, including the delivery of said products and inventory, if such delay is occasioned by any cause whatsoever beyond the Company Suppliers' reasonable control.

16. ORIGINAL EQUIPMENT AND SUPPLIES. Prior to the opening of FRANCHISEE's Store, FRANCHISEE shall acquire equipment, supplies and inventory authorized by FRANCHISOR. FRANCHISEE may purchase the equipment from any authorized OEM, the Company Suppliers or other vendors approved by FRANCHISOR (which approval shall not be unreasonably withheld when it can be demonstrated that said vendor meets FRANCHISOR's standards and specifications, including inspection standards).

17. DISCLAIMER OF WARRANTY AND LIMITATION OF LIABILITY. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR

FITNESS FOR A PARTICULAR PURPOSE, MADE BY FRANCHISOR COVERING ITEMS SOLD BY FRANCHISOR TO FRANCHISEE PURSUANT TO THIS AGREEMENT AND HEREAFTER. FRANCHISEE's remedy for defective items is limited to replacement of the defective items and FRANCHISOR shall not be liable for any incidental or consequential damages, whether brought in warranty, negligence, misrepresentation, strict liability, or any other theory, as a result of selling or supplying any items pursuant to this Agreement. Any warranty which is furnished to a customer by FRANCHISEE's Store is extended by FRANCHISEE to the customer and not by FRANCHISOR to either FRANCHISEE or the customer, and is an obligation of FRANCHISEE.

18. STORE WARRANTIES. FRANCHISEE shall honor each warranty agreement presented by a customer at FRANCHISEE's Store in accordance with the terms thereof, irrespective of whether the window tinting, paint protection film or automotive accessory was originally sold and installed at FRANCHISEE's Store or any other authorized TURBO TINT STORE. In addition, FRANCHISEE shall comply at all times with FRANCHISOR's policies in force and effect from time to time concerning the TURBO TINT STORE warranty program ("Warranty Program"). Without limiting the foregoing, FRANCHISEE shall also satisfy legitimate customer complaints concerning any service performed or products sold pursuant to said Warranty Program.

FRANCHISEE, upon complying with provisions in this Section with respect to the customer of another authorized TURBO TINT STORE, shall be reimbursed by the other Store upon making written demand upon such Store in accordance with FRANCHISOR's intershop warranty policies and procedures.

FRANCHISEE agrees to pay any other TURBO TINT franchisee the amount due to such franchisee for the honoring of a warranty to a customer of FRANCHISEE via credit card within twenty-four (24) hours after such demand by the franchisee honoring the warranty. If FRANCHISEE fails to timely pay such amount, FRANCHISEE shall be in default of this Agreement, and in addition to any remedies it may have for breach of this Agreement, FRANCHISOR shall be entitled to recover such amount from FRANCHISEE for the benefit of the franchisee which honored the warranty, however, FRANCHISOR shall not be obligated to pursue the recovery of such amount for the benefit of such franchisee.

At the time of signing the Franchise Agreement, FRANCHISEE shall pay to FRANCHISOR the amount of Three Thousand Dollars (\$3,000.00) to be held by FRANCHISOR in a warranty fund to pay any claims for warranty repairs which FRANCHISEE may fail to honor, on warranties or reimbursements that are unpaid and for warranties which are the responsibility of any Store which has closed for any reason and not reopened. FRANCHISEE shall retain responsibility for any and all warranties issued by its Store, and should FRANCHISEE cease or abandon operations of the business, it shall be responsible for payment of all warranties issued by its Store to its customers above and beyond the warranty fund.

If this franchise has been transferred, FRANCHISEE agrees to honor all warranties issued by its predecessor as if the warranty had been issued by FRANCHISEE under the guidelines of FRANCHISOR's current policies and procedures in effect concerning the Warranty Program. In the event of a transfer of the franchise, FRANCHISEE's existing warranty fund deposit may be assigned to the purchaser, or the purchaser must pay this warranty fund deposit directly to FRANCHISOR. If the purchaser pays the warranty fund deposit, FRANCHISEE's deposit may be refundable ninety (90) days after completion of resale or transfer if terms and conditions are met.

FRANCHISEE's obligation to comply with the terms and conditions in this Section 18 and obligation to comply with FRANCHISOR's policies concerning the TURBO TINT Warranty Program shall not in any way make FRANCHISOR liable for any warranty issued by FRANCHISEE. Further, nothing in this Section shall impose any obligation on FRANCHISOR to take any act or refrain from taking any act with regard to the TURBO TINT Warranty Program. FRANCHISOR does not, nor shall it issue, any warranty to any customer of any Store. FRANCHISOR is not a party to any warranty agreement entered into between FRANCHISEE and its customers.

FRANCHISEE acknowledges that the TURBO TINT Warranty Program is essential to the continuation of the goodwill among the public for TURBO TINT STORES on a national basis. In order to

continue the goodwill associated with the FRANCHISOR's name FRANCHISOR requires FRANCHISEE's payment to the warranty fund and reserves the right to issue such Warranty Program policies and procedures which FRANCHISOR, in its sole discretion deems appropriate from time to time, and upon written notice, FRANCHISEE shall comply with the same. Notwithstanding FRANCHISOR's reservation of rights herein, FRANCHISOR has no duties, obligations or liability with respect to the warranty fund, intershop policies and procedures, or Warranty Program policy or procedures. FRANCHISOR has no duty to satisfy complaints made by any customer of any Store.

19. **ADVERTISING.** FRANCHISOR's regulations, requirements and required approvals with respect to FRANCHISEE's advertising set forth in this Agreement and any exhibit or addendum hereto or as may be communicated to FRANCHISEE from time to time, are for the purpose of protecting FRANCHISOR's Proprietary Marks, good will and brand consistency. FRANCHISOR does not warrant or guarantee that any advertising program, agency, supplier, website, concept or material, whether developed by FRANCHISOR or approved by FRANCHISOR, or developed by FRANCHISEE or FRANCHISEE's local advertising group, complies with advertising laws or regulations which apply to FRANCHISEE or its Store advertising. FRANCHISEE is solely responsible for investigating applicable laws and regulations and conducting its advertising in compliance with same. FRANCHISOR will grant FRANCHISEE an automatic variance from FRANCHISOR's advertising regulations or requirements if FRANCHISEE advises FRANCHISOR that such is necessary to comply with any law or regulation.

(a) **Turbo Tint Creative Fund.** Recognizing the value of creating advertising concepts and the importance of the standardization of advertising, FRANCHISOR has established and maintains a separate creative fund, which is used for the creation and production of marketing concepts and distribution of creative advertising ("TURBO TINT CREATIVE FUND" or "CREATIVE FUND"). FRANCHISEE agrees to make monthly contributions to the TURBO TINT CREATIVE FUND. Each month during the term of this Agreement, FRANCHISEE shall contribute one percent (1%) of its Gross Sales or make a minimum contribution of One Hundred Dollars (\$100.00), (whichever is greater) to the CREATIVE FUND. FRANCHISEE agrees that the amount required to be paid to the CREATIVE FUND by FRANCHISEE may be adjusted by FRANCHISOR from time to time but in no event shall the amount exceed three percent (3%) of FRANCHISEE's monthly gross sales during the term of this Agreement. FRANCHISEE shall remit the appropriate amount of its contribution with its first payment of royalties for the month by ACH debit payable to the TURBO TINT CREATIVE FUND. Such contributions to the CREATIVE FUND shall be held in a separate CREATIVE FUND account which has been opened for the exclusive use of FRANCHISOR, FRANCHISEE, and other TURBO TINT franchisees or to such other entity as FRANCHISOR shall designate. FRANCHISEE further agrees to have all franchises owned or controlled by FRANCHISEE contribute to the TURBO TINT CREATIVE FUND.

The TURBO TINT CREATIVE FUND will be used for the production and distribution of advertising materials, personal appearances, and other promotional or related materials which FRANCHISOR, in its sole discretion, deems desirable to advertise and promote TURBO TINT STORES nationally or regionally. FRANCHISOR shall be entitled to direct the utilization of the TURBO TINT CREATIVE FUND for the benefit of FRANCHISOR in the sole discretion of FRANCHISOR.

FRANCHISOR reserves the right to consult an advisory council of franchisees on the use and expenditures of this fund.

FRANCHISEE agrees that FRANCHISOR, in its own name, shall be entitled to recover the sum of monies due from FRANCHISEE for the benefit of the TURBO TINT CREATIVE FUND and/or FRANCHISOR's advertising agency.

FRANCHISEE further understands and agrees that the TURBO TINT CREATIVE FUND exists solely for the production and distribution of advertising materials or other such uses as may be approved by FRANCHISOR, and that FRANCHISEE is solely responsible for printing and placement of said materials in the media and the costs related thereto.

(b) Initial Advertising and Local Advertising. FRANCHISEE acknowledges that its participation in advertising programs and promotional activities is essential. FRANCHISEE shall make the expenditures required by and otherwise fully comply with a local advertising budget to be developed for it with the assistance of FRANCHISOR. For new Stores; for the first six (6) months you will spend Five Thousand Dollars (\$5,000.00) per month. Beginning month seven (7) and for the first two (2) years of operation of the Store FRANCHISEE agrees to budget Two Thousand One Hundred Dollars (\$2,100.00) per month, or seven percent (7%) of gross sales (whichever is greater), to locally advertise and market its TURBO TINT STORE. After the first three (3) years, FRANCHISEE agrees to budget One Thousand Five Hundred Dollars (1,500.00) per month, or three and one half percent (3.5%) of gross sales (whichever is greater), to locally advertise and market its Store. Further, prior to opening, FRANCHISEE shall make the expenditures required by and otherwise fully comply with the initial advertising budget to be developed for it with the assistance of FRANCHISOR.

FRANCHISEE agrees, at its expense, to advertise on Google and other internet search engines with pay-per-click (PPC)/search engine marketing (SEM) advertising using the FRANCHISOR specified keywords for TURBO TINT. In such advertising, FRANCHISEE agrees to use only advertising and vendors approved by FRANCHISOR. If operating in a multi-owner market FRANCHISEE agrees to obtain FRANCHISOR's written approval for geo-targets, radius and/or zip codes used prior to starting any advertising in the market. FRANCHISEE, in addition to advertising, agrees to have local listing pages on various search engines like Google, Yelp and Facebook that are created and managed by FRANCHISOR and/or any approved vendor as well as the FRANCHISEE. FRANCHISEE agrees to list these local listing pages under the category "Window Tinting Service" and such additional categories as may be designated by FRANCHISOR.

FRANCHISEE agrees in its advertising to use and reproduce FRANCHISOR's trademarks, service marks, logos, slogans and other symbols exactly and accurately and in a manner which will best protect these rights. FRANCHISEE further agrees in its advertising to refrain from the use of FRANCHISEE's own name, or any name other than "TURBO TINT" in connection with any of FRANCHISOR's trademarks, service marks or other symbols, unless FRANCHISEE's own name is used as part of a notice that the Store is independently owned and operated pursuant to Section 22 of this Agreement.

FRANCHISEE shall place advertising only with advertising agencies approved in writing by FRANCHISOR or shall be in default hereunder, and FRANCHISOR, in addition to any other remedies which it may have for violation of this Agreement, may, in its own name, recover any such sums from FRANCHISEE, including, but not limited to, attorney's fees and costs.

FRANCHISEE agrees to use FRANCHISOR's approved marketing vendors and to follow the one (1) year marketing strategy developed with FRANCHISEE during the marketing training class.

Without limiting any of the language found elsewhere in this Agreement, FRANCHISEE agrees to adhere to such advertising regulations as FRANCHISOR may impose from time to time, to obtain FRANCHISOR's approval of FRANCHISEE's local advertising, and to use only advertising materials provided or approved by FRANCHISOR. . FRANCHISEE is permitted to establish an internet website to advertise its Store as long as FRANCHISEE uses FRANCHISOR's approved suppliers to develop the website according to brand standards. FRANCHISEE agrees to sell window tint, paint protection and any other service approved by FRANCHISOR on their locally approved website and any additional electronic medium using FRANCHISOR's guidelines and geo-targets. In a multi-owner market, FRANCHISEE agrees to obtain written approval from FRANCHISOR on geo-targets, radius and/or zip codes used to sell products online. FRANCHISEE is permitted to create a business social media account working only through our marketing department. FRANCHISEE is permitted to post on social media networking sites using our guidelines as outlined in the Manual. FRANCHISEE is not permitted to register domain names for its Store. FRANCHISEE must use approved print vendors for anything with the TURBO TINT trademark or slogan including business printing such as business cards and brochures and print marketing such as direct mailers or flyers. If FRANCHISEE uses any outside vendor for print they must obtain written approval from FRANCHISOR.

20. HOLD HARMLESS AND INSURANCE. FRANCHISEE agrees that it will indemnify, defend, and save harmless FRANCHISOR, its officers, directors, agents, employees, servants, divisions and its subsidiaries (collectively "FRANCHISOR Indemnitees") from all liabilities, taxes, losses, fines, costs, damages, expenses (including reasonable attorney's fees and court costs), as well as all claims, demands, actions, suits or proceedings, of any kind or nature, asserted by any entity or anyone whomsoever, arising or growing out of or otherwise connected with FRANCHISEE's (a) ownership or operation of the TURBO TINT STORE; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between FRANCHISOR and FRANCHISEE including, but not limited to, those representations, warranties, covenants, or provisions of this Agreement related to transfer or assignment of the assets and/or franchise or any of FRANCHISEE's interest therein; (d) defamation or disparagement of FRANCHISOR or the system; (e) acts, errors or omissions committed or incurred in connection with the business licensed hereunder, including any negligent or intentional acts; (f) infringement, violation or alleged infringement or violation of any proprietary mark or copyright or misuse of any trade secret or other confidential information; or (g) disclosure of any information relating to the financial condition or financial performance of the TURBO TINT STORE to FRANCHISOR or any third party including, but not limited to, financial statements, profit and loss statements, balance sheets, financial reports, customer lists, costs of goods sold information, proforma, sales reports, or any other financial performance information of the TURBO TINT STORE. Immediately upon receiving notice of a claim, action, suit, demand, investigation or proceeding that may give rise to a claim for indemnification by a FRANCHISOR Indemnitee, FRANCHISEE shall notify FRANCHISOR of the same. Immediately upon receipt of a demand, notice, complaint, subpoena, or other legal document alleging or relating to a civil or criminal suit or administrative action brought against FRANCHISEE, FRANCHISOR or their affiliates or principals, FRANCHISEE shall furnish copies of the same to FRANCHISOR.

In connection with the FRANCHISEE's obligation to indemnify and defend FRANCHISOR, FRANCHISOR shall have the right to retain or require FRANCHISEE to retain counsel of FRANCHISOR's choosing. Notwithstanding FRANCHISEE's retainer of counsel to represent and defend FRANCHISOR, FRANCHISOR shall at all times have the right to actively participate in its own defense and to supervise and control such defense and defense counsel.

FRANCHISEE shall procure prior to the opening of the Store, and maintain and keep in full force at all times during the term of this Agreement (and any renewals thereof), at its own expense, the types of insurance listed below. In addition to any other insurance that may be required by law, or by lender or lessor, FRANCHISEE shall procure:

(a) Commercial General Liability ("CGL") Insurance, including the Broad Form CGL coverage endorsement, which endorsement must include premises and operations liability, products and completed operations liability insurance and contractual liability insurance, against the claims of all persons including, but not limited to, employees and/or customers, for bodily and personal injury and property damage caused by, or occurring in conjunction with the operation of the Store, or FRANCHISEE's conduct of business pursuant to this Agreement, with a minimum limit of One Million Dollars (\$1,000,000.00) per occurrence/Two Million Dollars (\$2,000,000.00) aggregate covering bodily injury and property damage. FRANCHISEE's CGL policy and coverage must name FRANCHISEE as the insured. Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as "Additional Insured/Franchisor" on FRANCHISEE's CGL insurance policy using endorsement "Form CG2029 - Grantor of Franchise." The CGL policy must be primary and noncontributory, must contain a waiver of subrogation in favor of Moran Industries, Inc. and its successors and assigns and must not restrict coverage for completed operations for either the named insured or the Additional Insured/Franchisor;

(b) Excess Liability/Umbrella policy with a minimum limit of One Million Dollars (\$1,000,000.00); such policy shall extend to cover FRANCHISEE's CGL, Automobile Liability and Employer's Liability;

(c) Garagekeeper's Liability Insurance coverage with a minimum liability limit of Twenty Thousand Dollars (\$20,000.00) per service bay at FRANCHISEE's Store;

(d) Automobile Liability Insurance on owned, hired and non-owned vehicles, with a minimum liability limit of One Million Dollars (\$1,000,000.00) combined single limit coverage for bodily and personal injury and property damage. FRANCHISEE's automobile liability policy and coverage must name FRANCHISEE as the insured. Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as "Additional Insured/Franchisor" on FRANCHISEE's automobile liability insurance policy;

(e) Worker's Compensation Insurance and Employer's Liability Insurance with a minimum liability limit of One Hundred Thousand Dollars (\$100,000.00) or statutory limits, whichever is greater. If such insurance is not required by statute, FRANCHISEE shall be obligated to procure and maintain worker's compensation insurance and employer's liability insurance with the minimum liability limit stated herein;

(f) Employment Practices Liability Insurance with a minimum limit of Fifty Thousand Dollars (\$50,000.00) including first and third party coverage. FRANCHISEE's employment practices liability policy and coverage must name FRANCHISEE as the insured. Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents and assignees must be named as "Additional Insured/Franchisor" on FRANCHISEE's employment practices liability insurance policy;

(g) Data Breach and Cyber Liability Insurance coverage to include third party coverage for lawsuits, as well as first party coverage for business interruption losses, cyber extortion and regulatory fines and expenses; and

(h) Special Cause of Loss Property Insurance coverage on inventory, improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Store for the full replacement value thereof, and including business interruption insurance and extra expense insurance on an actual loss sustained basis which provides coverage for FRANCHISEE's loss of business income and FRANCHISOR's loss of continuing fees for a minimum of twelve (12) months.

FRANCHISEE is solely responsible for investigating and complying with any applicable statutory insurance coverage requirements which may be in effect during the term of this Agreement in the state in which its Store is located.

All of said insurance coverage required by this Agreement shall be at the expense of FRANCHISEE; shall be for the benefit of FRANCHISEE and FRANCHISOR; shall be placed only with an insurance carrier or carriers maintaining an A.M. Best financial rating of "A-" or better; shall not be subject to cancellation or any material change except after thirty (30) days written notice to FRANCHISOR; and shall provide that no failure of FRANCHISEE to comply with any term, condition or covenant of this Agreement or other conduct of the FRANCHISEE, or those for whose conduct it is responsible, shall terminate or otherwise affect the protection afforded under said policy to FRANCHISOR. The insurance requirements set forth above are minimum requirements and are not intended as and should not be construed as legal advice. FRANCHISEE acknowledges the same and shall consult with its business advisors, such as an attorney and insurance agent to determine whether additional insurance may be necessary.

Prior to the opening of the Store and upon any material change or renewal of coverage, FRANCHISEE shall furnish FRANCHISOR with a copy of the then-current effective certificate of insurance. FRANCHISEE shall furnish FRANCHISOR with such certificates of insurance as are necessary to ensure that a certificate of insurance, reflecting full compliance with the requirements of this Section shall at all times be kept on deposit at the general offices of FRANCHISOR. Further, FRANCHISEE agrees to ensure that in all insurance policies and certificates required pursuant to this Section, and throughout the term of this Agreement, the name of the insured is an exact match with the name(s) of the individual(s), or the business entity defined as FRANCHISEE in the introduction to this Agreement and where FRANCHISOR is required to be named as an additional insured, the name of the additional insured is exactly and correctly

stated as Moran Industries, Inc., its subsidiaries, affiliates, stockholders, officers, directors, employees, agents, and assignees. If FRANCHISEE fails to comply with this Section, FRANCHISOR may, in addition to any other remedies available to it for breach of this Agreement, obtain such insurance and require FRANCHISEE to pay the costs thereof upon demand.

Upon request by FRANCHISOR, FRANCHISEE shall furnish FRANCHISOR with suitable evidence that the insurance premiums have been paid. If FRANCHISEE fails to comply with any of these requirements, FRANCHISOR may terminate this Agreement immediately, or in the alternative, at FRANCHISOR's option, FRANCHISOR may obtain such insurance and keep the same in full force and effect, and the premiums thereof shall be immediately due from FRANCHISEE to FRANCHISOR.

FRANCHISEE's obligation to indemnify FRANCHISOR, as described in this Section, is not limited to the extent of or amount of insurance coverage obtained by FRANCHISEE. Notwithstanding any language to the contrary, FRANCHISOR shall be obligated to defend and hold harmless FRANCHISEE against claims for trademark infringement as provided in Section 10 hereinabove.

FRANCHISOR reserves the right to alter or amend the insurance requirements hereunder upon written notice thereof to FRANCHISEE.

21. VAN AND VAN WRAP PURCHASING REQUIREMENT.

(a) Van. FRANCHISEE is required to lease or purchase, maintain and operate at least one (1) van (the "Van") in connection with offering the film installation and related services. FRANCHISEE may purchase or lease the van, which shall conform to the standards and specifications prescribed by FRANCHISOR in FRANCHISOR's proprietary operations manual (the "Manual") or otherwise in writing. FRANCHISEE agrees to maintain the Van in accordance with FRANCHISOR's standards of maintenance and cleanliness and with a clean and neat appearance. FRANCHISOR reserves the right to adjust its standards and specifications for the Van as needed, in FRANCHISOR's sole discretion and upon reasonable notice to FRANCHISEE.

(b) Van Wrap. FRANCHISEE recognizes that uniformity in the image projected to the public is essential in creating goodwill among the public in the TURBO TINT trademark. FRANCHISEE agrees to comply with the specifications for the vehicle wrap (the "Van Wrap") provided by FRANCHISOR, and to purchase a Van Wrap in accordance with FRANCHISOR's standards for every Van that operates within the Territory. FRANCHISOR reserves the right to modify the Van Wrap design specifications in accordance with applicable laws market research or consumer preferences.

22. INDEPENDENT CONTRACTOR.

(a) The only relationship between the parties shall be that of independent contractors. It is understood and agreed that no agency, joint venture, employment, or partnership is hereby created between the parties, and the business to be operated by FRANCHISEE is separate and apart from any which may be operated by FRANCHISOR. No representations will be made by either party which would create an apparent agency, employment or partnership relationship, and neither party shall have the authority to act for the other in any manner to create obligations which would be binding upon the other. Neither party shall be responsible for any obligations or expenses whatsoever of the other (except as set forth herein), nor shall either party be responsible for any act or omission of the other or for any act or omission of an employee or agent of the other.

(b) In all dealings with third parties, including, without limitation, employees, suppliers, federal, state and local agencies, customers and guests, FRANCHISEE shall disclose in an appropriate manner acceptable to FRANCHISOR that it is an independent entity. FRANCHISEE agrees to display on the premises of the TURBO TINT STORE in a prominent place in public view, a plaque prepared at its expense and approved by FRANCHISOR, stating the name and address of FRANCHISEE and the fact that the Store is an independently owned and operated franchise and to take such additional steps as FRANCHISOR may reasonably require to establish public knowledge of its independent contractor status.

Franchisor shall not be liable for any damage to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act.

(c) In all advertising, business cards, stationery, sales invoices, receipts, consumer and vendor contracts, printed materials, signage and other such items used in connection with the operation of the Store, FRANCHISEE must show prominently thereon that the TURBO TINT STORE is independently owned and operated. If Franchisee establishes a business entity to operate the franchise business, the name of the business entity must be provided on the sales invoices.

(d) FRANCHISEE acknowledges that FRANCHISOR is engaged in the business of licensing rights and is not engaged in the business of owning or operating a TURBO TINT STORE; FRANCHISOR does not own or operate any Turbo Tint Stores. FRANCHISEE further acknowledges that FRANCHISEE shall operate the Store for itself and not for FRANCHISOR. FRANCHISEE shall provide parts, and perform labor and services for its customers and not for FRANCHISOR.

(e) FRANCHISEE expressly acknowledges that FRANCHISOR is not FRANCHISEE's employer or an employer of any of FRANCHISEE's employees. In addition, FRANCHISOR is not a "joint employer" with FRANCHISEE. FRANCHISEE shall be sole employer of its employees and shall be solely responsible for the hiring, firing, compensation, scheduling of work and performance evaluation of any and all persons employed by FRANCHISEE. FRANCHISEE is solely responsible for establishing its own employee relations policies and handling any disciplinary matters that may arise. Unless a critical need arises, FRANCHISOR shall not have access to FRANCHISEE's employer or employee records. Notwithstanding FRANCHISOR's requirement set forth in Section 6 of this Agreement, that FRANCHISEE's manager(s) attend a store management training program, FRANCHISEE shall be solely responsible for training its own employees. The requirement for the Nondisclosure and Non-Competition Agreement (Exhibit B) between FRANCHISEE and its employees, including the provision that makes FRANCHISOR an intended third party beneficiary, shall not create an employee or joint employee relationship between FRANCHISOR and FRANCHISEE's employees.

(f) FRANCHISEE acknowledges FRANCHISOR's training, guidance, advice and recommendations, the FRANCHISEE's obligations under this Agreement and the standards or specifications required by FRANCHISOR hereunder are imposed not for the purpose of exercising control of FRANCHISEE, but rather for the limited purposes of protecting FRANCHISOR's Proprietary Marks, goodwill and brand consistency. FRANCHISEE is solely responsible for the management of the Store as an independent franchise owner/operator. FRANCHISEE is solely responsible for its own investigation of and compliance with all laws and regulations to which FRANCHISEE or the TURBO TINT STORE is subject, and if FRANCHISEE's or the Store's compliance with such laws or regulations require, FRANCHISEE shall automatically be entitled to a variance of any standard, specification, requirement, term or condition imposed hereunder for such compliance. FRANCHISOR does not represent that any of the training, guidance, advice or recommendations which it provides, or the standards, specifications, requirements or restrictions which it imposes (all of which are provided or imposed for the protection of the Proprietary Marks, goodwill and brand consistency) comply with the laws and regulations to which FRANCHISEE or the TURBO TINT STORE may be subject.

23. **CONFIDENTIAL INFORMATION.** FRANCHISEE acknowledges the confidential nature of the information, trade secrets, manuals, trade secrets, Intranet access and procedures which will be made available to FRANCHISEE by FRANCHISOR. FRANCHISEE shall not acquire any interest in FRANCHISOR's trade secrets or other confidential information, other than the right to use the trade secrets and other confidential information in the development of the TURBO TINT STORE and in performing its obligations during the term of this Agreement. FRANCHISEE acknowledges that the use or duplication of FRANCHISOR's trade secrets or other confidential information in any other business venture would constitute an unfair method of competition. FRANCHISEE acknowledges that FRANCHISOR's trade secrets and other confidential information are proprietary and are disclosed to FRANCHISEE solely on the condition that FRANCHISEE: (a) shall not use the trade secrets or other confidential information in any other business or capacity; (b) shall maintain the absolute confidentiality of and shall not divulge, directly

or indirectly (except to authorized employees, agents or representatives of the FRANCHISEE), any trade secret, or other confidential information, furnished to FRANCHISEE by FRANCHISOR; (c) shall not make any unauthorized copies of any portion of the trade secrets or other confidential information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by FRANCHISOR to prevent unauthorized disclosure or use of the trade secrets and other confidential information. FRANCHISEE shall enforce this Section as to its employees, agents and representatives and shall be liable to FRANCHISOR for any unauthorized disclosure or use of FRANCHISOR's trade secrets or other confidential information by any of them.

Any confidential literature, manuals, Intranet access codes or passwords which FRANCHISOR has given to FRANCHISEE will be returned to FRANCHISOR at the expiration and nonrenewal, or termination of this Agreement. FRANCHISEE specifically acknowledges that the operating manuals which it receives at FRANCHISOR's initial training program described in Section 6 are copyright material of FRANCHISOR, are the property of FRANCHISOR, contain matters which constitute trade secrets, and FRANCHISEE agrees that upon expiration and nonrenewal, or termination of this Agreement it will return the operating manuals to FRANCHISOR.

FRANCHISEE agrees not to disclose to anyone for the duration of this Agreement or any renewal, or at any time after the expiration and nonrenewal, or termination of this Agreement, directly or indirectly, the confidential information received from FRANCHISOR, whether furnished during training, conferences sponsored by FRANCHISOR, or elsewhere, which information relates to methods of operation, servicing, advertising, publicity, promotional ideas, profits, financial status, or present and future plans for expansion. FRANCHISEE specifically acknowledges that such information is confidential and constitutes part of the trade secrets of FRANCHISOR.

FRANCHISOR has the right to require certain individuals who have access to FRANCHISOR's trade secrets and other confidential information by virtue of their relationship or association with FRANCHISEE (such as a spouse or family member, or a manager or executive of the STORE or FRANCHISEE's business entity), to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B to this Agreement, upon execution of this Agreement or prior to each such person's affiliation with FRANCHISEE. Upon FRANCHISOR's request, FRANCHISEE shall provide FRANCHISOR with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of FRANCHISEE and are subject to audit or review as otherwise set forth herein. FRANCHISOR shall either be a party to or be a third party beneficiary to such agreements with the right to enforce covenants in such agreements.

FRANCHISOR and FRANCHISEE agree that the terms and conditions of this Agreement and of any other agreements entered into between the parties hereto in connection with this Agreement constitute part of FRANCHISOR's trade secrets or other confidential information. Furthermore, any and all correspondence or communications exchanged between FRANCHISOR and FRANCHISEE relating to this Agreement or the TURBO TINT STORE shall constitute part of FRANCHISOR's trade secrets or other confidential information. Accordingly, all such terms, conditions, correspondence or communications shall be kept confidential and shall not be disclosed, unless such disclosure is required for purposes of FRANCHISOR's or FRANCHISEE's performance of their respective obligations under this Agreement or said other agreements or is required by law.

24. ASSIGNMENT BY FRANCHISEE. This Agreement is a personal obligation to the undersigned FRANCHISEE. FRANCHISEE's rights under this Agreement, rights to the use of TURBO TINT trade names, trademarks and service marks granted hereunder and the assets used in FRANCHISEE's operation of the TURBO TINT STORE including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased by FRANCHISEE, are not assignable or transferable under any circumstances except in strict compliance with the procedures enumerated in this Section and FRANCHISOR shall not unreasonably withhold consent to transfer:

(a) Upon FRANCHISEE's (or any of its owner's) death or disability, FRANCHISEE's (or its owner's) executor, administrator, conservator, guardian, or other personal representative must transfer FRANCHISEE's interest in this Agreement, or such owner's ownership interest in FRANCHISEE, and FRANCHISEE's interest in all of the assets used in FRANCHISEE's operation of the Store including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased by FRANCHISEE, to a third party (which may be FRANCHISEE's, or the owner's, heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions contained in this Section 24. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent FRANCHISEE (or the owner) from supervising the management and operation of the TURBO TINT STORE.

If, upon FRANCHISEE's or the owner's death or disability, a manager approved by FRANCHISOR is not managing the TURBO TINT STORE, FRANCHISEE's or the owner's executor, administrator, conservator, guardian or other personal representative must appoint a manager within fifteen (15) days of the date of death or disability. The manager must complete FRANCHISOR's standard store management training program at FRANCHISEE's expense. If, in FRANCHISOR's judgment, the TURBO TINT STORE is not being managed properly any time after FRANCHISEE's or the owner's death or disability, FRANCHISOR may, but need not, assume FRANCHISEE's management (or appoint a third party to assume its management). All funds from FRANCHISEE's operation while it is under FRANCHISOR's (or the third party's) management will be kept in a separate account and all expenses will be charged to this account. FRANCHISOR may charge FRANCHISEE (in addition to amounts due under this Agreement) a reasonable per diem fee plus FRANCHISOR's (or the third party's) direct out-of-pocket costs and expenses, if FRANCHISOR (or a third party) assumes the management of the TURBO TINT STORE under this subsection. FRANCHISOR (or a third party) has a duty to utilize only reasonable efforts and will not be liable to FRANCHISEE or its owner for any debts, losses or obligations the TURBO TINT STORE incurs, or to any of FRANCHISEE's creditors for any products, other assets, or services the TURBO TINT STORE purchases, while FRANCHISOR (or a third party) manages it.

If an heir or devisee and/or the person who shall manage the TURBO TINT STORE fails to attend said training courses as required by this Section, then FRANCHISOR at its sole option may terminate all rights conferred in this Agreement and retain any and all license fees or other sums paid by FRANCHISEE to FRANCHISOR. All rights granted to said heir or devisee in this Section shall be null, void, and of no force and effect in the event that said heir or devisee fails to assume all debts or liabilities of any nature owed by FRANCHISEE to FRANCHISOR. Assumption of said liability by the heir or devisee shall in no respect constitute a waiver of any rights that FRANCHISOR may have to recover such sums from the estate of FRANCHISEE or from other persons or firms who may be liable for said debts or liabilities. The rights conferred to the heir or devisee in this Section are contingent upon the heir's or devisee's assumption of the lease of the TURBO TINT STORE premises signed by FRANCHISEE.

If the heir or devisee does not elect to operate the TURBO TINT STORE or fails to comply with all of the conditions outlined hereinabove, then said heir or devisee, or its authorized representative shall sell, lease, sublease, transfer or assign all of the rights and interests of the heir or devisee acquired under this Agreement and all of the assets of the Store including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased, to FRANCHISOR or to any other purchaser in strict compliance with the procedures enumerated in subsections (c) and (e) below.

(b) In the event of the incapacity of FRANCHISEE, the guardian or other legally appointed representative (the "Guardian") may continue to operate the Store under this Agreement and the Agreement shall continue in effect provided the Guardian or its designee is approved by FRANCHISOR to continue operation of the Store (which approval will be not unreasonably withheld) and provided said Guardian or its designee attends the franchise owner/operator training program required by FRANCHISOR at such times as FRANCHISOR may designate. If the Guardian or its designee is not approved by FRANCHISOR, or fails to attend the franchise owner/operator training program as required by FRANCHISOR, or if the Guardian elects not to continue operation on behalf of FRANCHISEE, then the Guardian shall sell, lease, sublease, transfer or assign all of the rights and interests of FRANCHISEE

acquired hereunder and all of the assets of the Store including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased, to FRANCHISOR or other purchaser in strict compliance with subsections (c) and (e) below.

(c) FRANCHISEE shall not sell, lease, sublease, transfer or assign its rights and interest under this Agreement, or any part hereof, nor any of the assets of its automotive window tinting, auto alarms and accessories business, including, but not limited to, inventory, equipment, tools, products, fixtures and the premises, whether owned or leased by FRANCHISEE, without in each instance first offering the same to FRANCHISOR on the same terms as FRANCHISEE shall previously have received in a bona fide, written offer from a responsible, fully disclosed prospective purchaser, and thereafter FRANCHISOR shall have thirty (30) days within which to determine if it wishes to accept said offer. If FRANCHISOR should decline or fail to accept said offer, FRANCHISEE may sell, lease, sublease, transfer or assign to the prospective purchaser within sixty (60) days thereafter, on the same terms and conditions as contained in said offer and subject to the conditions enumerated in (e) below.

(d) In the event of the retirement of FRANCHISEE (or any of its owners), FRANCHISEE shall not sell, lease, sublease, transfer or assign its rights and interest under this Agreement, or any part thereof, nor any of the assets of its automotive window tinting, automotive paint protection, architectural window tinting and automotive accessories business including, but not limited to, inventory, equipment, tools, products, fixtures and the premises, whether owned or leased by FRANCHISEE, without in each instance first offering the same to FRANCHISOR on the same terms as FRANCHISEE shall previously have received in a bona fide, written offer from a responsible, fully disclosed prospective purchaser, and thereafter FRANCHISOR shall have thirty (30) days within which to determine if it wishes to accept said offer. If FRANCHISOR should decline or fail to accept said offer, FRANCHISEE may sell, lease transfer, or assign to the prospective purchaser within sixty (60) days thereafter, on the same terms and conditions as contained in said offer and subject to the conditions enumerated in (e) below.

(e) In the event that FRANCHISOR does not acquire the assets of the Store including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased, and FRANCHISEE's rights hereunder, as described in (b), (c) and (d) hereinabove, FRANCHISEE may sell, lease, sublease, assign or transfer its rights and interests under this Agreement, or any part thereof, and said assets to a prospective purchaser provided first that the purchaser is approved by FRANCHISOR and provided further that the purchaser executes FRANCHISOR's then standard Franchise Agreement. FRANCHISOR agrees to approve said prospective purchaser if the prospective purchaser has a satisfactory credit rating, is of good moral character, has a good business reputation and the business ability to operate the TURBO TINT STORE, and further provided that any and all obligations of FRANCHISEE hereunder are fully paid and satisfied, that outstanding accounts which FRANCHISEE may have with any advertising agency are fully paid and satisfied, that FRANCHISEE's payments to the TURBO TINT CREATIVE FUND and any local advertising group of FRANCHISEE are paid in full, that FRANCHISEE is not in default under any provisions of this Agreement, and that FRANCHISEE and the person or persons having control of the affairs of a corporate FRANCHISEE or other entity shall execute a general release of all claims of any nature against FRANCHISOR. The ownership of the TURBO TINT STORE and the assets of the Store including, but not limited to, inventory, equipment, tools, fixtures and the premises, whether owned or leased, may not be transferred to the purchaser, nor shall the purchaser be allowed to take any action with respect to the ownership or operation of the TURBO TINT STORE licensed hereunder or with respect to said assets, until (i) the purchaser has paid any training fee and has completed such training course as may be provided for in the then current Franchise Agreement; (ii) the purchaser has executed the then current Franchise Agreement, (iii) the then current transfer fee has been paid by FRANCHISEE or purchaser before purchaser attends any required training courses; (iv) the purchaser and FRANCHISEE have arranged for said purchaser to assume FRANCHISEE's obligations under any lease of the TURBO TINT STORE premises; and (v) all payments due FRANCHISOR are paid or adequate arrangements have been made with FRANCHISOR for payment of same. If FRANCHISEE finances a portion of transferee's or purchaser's purchase price, such financed portion shall be subordinate to any current or future obligations of the FRANCHISEE to FRANCHISOR. Assignment of this Agreement to a purchaser shall not constitute a waiver by FRANCHISOR of any claims, whether known or unknown, that FRANCHISOR may have against FRANCHISEE relating to or in any way connected with

FRANCHISEE's obligations under this Agreement, and shall not be construed as a release of FRANCHISEE or a novation of this Agreement.

(f) If FRANCHISEE is an individual and desires to assign and transfer rights to a corporation or other legally recognized business entity (for purposes of this Section 24, any legally recognized business entity shall be referred to as a "corporation"), FRANCHISEE may do so notwithstanding the foregoing limitations on assignment and transfer, provided that FRANCHISEE satisfies the following terms and conditions:

(i) The Franchise Agreement shall remain in the name of the individual, and the full legal name of the corporation shall be added to the Franchise Agreement as an additional Franchisee;

(ii) The corporation is newly organized and its activities are confined exclusively to operating the TURBO TINT STORE licensed under this Agreement;

(iii) FRANCHISEE is the owner of all the stock of the corporation and is the principal executive officer thereof (unless such requirement is waived in writing by FRANCHISOR), and the names and addresses of all officers, directors and shareholders shall be furnished to FRANCHISOR together with the Affidavit of the Secretary of said corporation as to such information;

(iv) All accrued monetary obligations of FRANCHISEE to FRANCHISOR are satisfied;

(v) The corporation and all the officers thereof shall sign an agreement with FRANCHISOR on forms furnished by FRANCHISOR assuming personally, jointly and severally, all obligations of the corporation as set forth in this Agreement. It is expressly understood that assumption of FRANCHISEE's obligations by the corporation does not limit FRANCHISEE's personal obligations under the Franchise Agreement, and FRANCHISEE and the corporation shall be jointly and severally liable hereafter; and

(vi) FRANCHISEE shall sign an agreement with FRANCHISOR on forms to be provided by FRANCHISOR guaranteeing full payment of the corporation's money obligations to FRANCHISOR, agreeing to be bound individually by the obligations assumed by the corporation, and agreeing to continue to be bound by the obligations assumed by FRANCHISEE under this Agreement.

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(g) If FRANCHISEE is a corporation or if FRANCHISEE organizes a corporation as provided for in (f) of this Section, the capital stock thereof shall not be sold, assigned, pledged, mortgaged or transferred without the prior written consent of FRANCHISOR, except that there may be a sale of all of FRANCHISEE's capital stock on the same conditions enumerated above in subsections (c) (d) and (e) relative to the transfer of FRANCHISEE's rights hereunder to a purchaser. All stock certificates shall have endorsed on them the following:

"The transfer of the stock is subject to the terms and conditions of a Franchise Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between MORAN INDUSTRIES, INC., an Illinois corporation d/b/a Moran Family of Brands® , 'Franchisor' and \_\_\_\_\_ *(insert individual[s]' name[s])* and \_\_\_\_\_ *(insert name of corporation)*, 'Franchisee'."

(h) If FRANCHISEE is a partnership and all the members of the partnership desire to assign and transfer the license of the partnership to a corporation, the partners may do so under the same terms and conditions as set forth in subsection (f) of this Section, provided that the partners own all of the stock of the corporation and are the principal executive officers thereof. In addition, if FRANCHISEE is a partnership, the right of any partner to sell, assign, pledge, mortgage or transfer a partnership interest shall be subject to the same conditions governing the sale, assignment, pledge, mortgage or transfer of the capital stock of a corporation, as set forth in subsection (g) of this Section (except that all endorsements shall be printed on units of participation, not stock certificates).

(i) If FRANCHISEE is or becomes a corporation, FRANCHISEE shall disclose to FRANCHISOR the names and addresses of all officers and directors of the corporation and shall, whenever there is any change, immediately notify FRANCHISOR of the name and address of any new officer and/or director, and upon the change of any officer and/or director, FRANCHISEE agrees to execute a new agreement with FRANCHISOR, consistent with the provisions of subsection (f)(vi) of this Section.

(j) If the FRANCHISEE is or becomes a corporation, FRANCHISEE shall maintain an "active" or "current" status of the corporation and remain in good standing with the applicable Secretary of State or comparable authorities.

(k) If the FRANCHISEE owns the real estate where the Store is located and FRANCHISEE desires to sell the real estate for a different use, FRANCHISEE must relocate and recommence operations of the franchise to another approved location within six (6) days of closing said transaction.

25. ASSIGNMENT BY FRANCHISOR. This Agreement and all rights hereunder may be assigned and transferred by FRANCHISOR in FRANCHISOR's sole discretion and shall inure to the benefit of FRANCHISOR's successors and assigns. FRANCHISOR has the right to assign this Agreement, and all of its rights and privileges hereunder, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of FRANCHISOR: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing the obligations of FRANCHISOR hereunder, and (ii) the assignee shall expressly assume and agree to perform such obligations.

26. COVENANT NOT TO COMPETE. For a period of two (2) years after the expiration and nonrenewal, termination or transfer of this Agreement and or any transfer of any of the assets of the Store not in the ordinary course, or closure of Store for any reason, FRANCHISEE (and its owners if FRANCHISEE is a business entity), FRANCHISEE's spouse and other immediate family members (and each of its owners' spouses and other immediate family members), and any other person acting in concert

with or on behalf of FRANCHISEE, shall not, directly or indirectly, engage or be financially interested in, or associated with as a director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, or invest in, the ownership or operation of any shop, store, or business located in the licensed premises or within a radius of twenty five (25) miles from the licensed premises or any TURBO TINT STORE, which shop, store or business offers, provides and/or specializes in the sale or installation of automotive window tint, auto alarm and security systems, electronic convenience items, audio systems, other auto accessories, or related products and services. If any part of this restriction is found by a court of law to be unreasonable in time, scope and/or distance, the restriction may be reduced in time, scope and/or distance by an appropriate order of the court to that deemed reasonable. This restriction shall include, but is not limited to, such action as cessation of operation as a Store in the licensed premises, and FRANCHISEE understands and agrees hereby that in such event, FRANCHISEE may not, directly or indirectly, engage or be financially interested in, or associated with, as a director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, or invest in, the ownership or operation of an automotive window tinting, auto alarms and accessories sales or installation facility from the licensed premises during the two (2)-year period stated herein. If FRANCHISEE has not fully complied with its other obligations upon termination, expiration, nonrenewal or transfer, the covenants against competition set forth above in this Section shall be in effect from the date of termination, expiration, nonrenewal or transfer until such date as FRANCHISEE has fully complied and for a period of two (2) years thereafter.

In addition, during the term of this Agreement and as long as this Agreement shall be in effect, FRANCHISEE (and its owners if FRANCHISEE is a business entity), FRANCHISEE's spouse and other immediate family members (and each of its owners' spouses and other immediate family members), and any other person acting in concert with or on behalf of FRANCHISEE, shall not, directly or indirectly, engage or be financially interested in, or associated with as a director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, or invest in, the ownership or operation of any shop, store or business which offers, provides and/or specializes in the sale or installation of automotive window tint, auto alarm and security systems, electronic convenience items, audio systems, other auto accessories, or related products and services unless that shop, store or business is an approved franchise of FRANCHISOR.

Furthermore, during the term of this Agreement and for a period of two (2) years after the expiration and nonrenewal, termination or transfer of this Agreement (and/or any transfer of any of the assets of the Store that is not in the ordinary course), FRANCHISEE (and its owners if FRANCHISEE is a business entity), FRANCHISEE's spouse and other immediate family members (and each of its owners' spouses and other immediate family members), and any other person acting in concert with or on behalf of FRANCHISEE shall not, directly or indirectly solicit or otherwise attempt to induce or influence any franchisee or business associate of FRANCHISOR to compete against, or terminate or modify his, her or its franchise, or business relationship with FRANCHISOR.

## 27. TERMINATION BY FRANCHISOR.

(a) Upon the happening of any of the following events, this Agreement shall, at the sole discretion of FRANCHISOR, immediately terminate upon receipt by FRANCHISEE of written notice of termination:

(i) Any breach or failure by FRANCHISEE to perform any terms or conditions of this Agreement (except the nonpayment of any monies due) including exhibits, schedules and appendices, or failure by FRANCHISEE to comply with rules, regulations, or directives promulgated by FRANCHISOR if such default shall continue for thirty (30) days (unless a shorter period is provided for elsewhere in this Agreement);

(ii) Notwithstanding anything contained in subsection (a)(1) above to the contrary, upon receipt for any reason by FRANCHISEE of the third notice of default from FRANCHISOR in any consecutive twelve (12)-month period, regardless of whether or not prior defaults were timely cured;

(iii) Notwithstanding anything in subsection (a)(1) above to the contrary, if FRANCHISEE's default under the terms of this Agreement is the nonpayment of any sum due FRANCHISOR, FRANCHISOR shall notify FRANCHISEE in writing of said default in payment and FRANCHISEE shall have ten (10) days after receipt of such notice to fully pay all amounts owing to FRANCHISOR. If payment is not made within said ten (10)-day period, then FRANCHISOR at its option may terminate this Agreement and this Agreement shall immediately terminate on receipt by FRANCHISEE of the notice of termination by FRANCHISOR (unless state law requires a longer period);

(iv) If the location specified in Section 1 of this Agreement is an exact location, failure by FRANCHISEE to commence operations within one hundred twenty (120) days from the date of execution by FRANCHISEE hereof; or if the location specified in Section 1 is a marketing area rather than an exact location, failure to obtain an approved location for the Store within the marketing area and to commence operations, all within one (1) year from the date of execution by FRANCHISEE, unless such period is extended by FRANCHISOR in writing;

(v) If FRANCHISEE makes a general assignment or trust mortgage for the benefit of creditors or if FRANCHISEE shall commit or suffer default under any lease, mortgage, contract or conditional sale, or security instrument, or a petition be filed by or against FRANCHISEE initiating proceedings under any provisions of the Federal Bankruptcy Code, or if a receiver or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of FRANCHISEE's property, or if FRANCHISEE shall fail to perform or observe any of the provisions required to be performed or observed by FRANCHISEE under any lease or sublease of FRANCHISEE's premises; provided, however, that should any provision of the Federal Bankruptcy Code prohibit the enforcement of this provision, FRANCHISEE shall remain in default hereunder and no additional notice of default hereunder shall be required if and when such prohibition of enforcement shall be removed for any reason. It is further understood and agreed that nothing contained herein shall be construed as a release of any rights of FRANCHISOR under the Federal Bankruptcy Code, and notice is hereby given that FRANCHISOR does not consent to any extension of time for acts required thereunder to be performed by FRANCHISEE, all of which must be performed in strict compliance with the Federal Bankruptcy Code;

(vi) If FRANCHISEE (or any of its owners) commits any acts of fraud or misrepresentation or conducts its business in a manner likely to impair FRANCHISOR's reputation, goodwill and trade name. Unless required by state law, no notice shall be required under this Section;

(vii) If FRANCHISEE ceases to operate as a TURBO TINT STORE or closes its TURBO TINT STORE for any reason whatsoever and fails to recommence operation as a TURBO TINT STORE or reopen within six (6) days from the date of such closing, unless such cessation is due to fire, flood, earthquake or similar cause not under FRANCHISEE's control and FRANCHISEE has advised FRANCHISOR of same;

(viii) If FRANCHISEE is in default under any lease or sublease of FRANCHISEE's premises;

(ix) If FRANCHISEE (or any of its owners) attempts to sell, sells, or transfers or assigns any of its rights under or interests in this Agreement, or any of the assets of the Store, without approval of FRANCHISOR as provided in Section 24 of this Agreement;

(x) If FRANCHISEE fails to procure and/or maintain any insurance coverages required by the terms of this Agreement;

(xi) If FRANCHISEE fails to attend any training course or meeting required by FRANCHISOR;

(xii) If FRANCHISEE fails to discharge any employee immediately upon receiving notification that such employee has been convicted of or has plead guilty or "nolo contendere" to any felony, or any crime or offense, involving fraud, embezzlement, larceny or other acts of moral turpitude,

or any other crime or offense that is likely to be injurious to FRANCHISOR's Proprietary Marks or the goodwill associated therewith;

(xiii) If FRANCHISEE (or any of its owners) has been convicted of or pleads guilty or "nolo contendere" to any felony, a crime or offense involving fraud, embezzlement, larceny, or acts of moral turpitude that FRANCHISOR believes is, or may be, injurious to FRANCHISOR's Proprietary Marks or the goodwill associated therewith. If there is such an offense, FRANCHISOR may review on an individual basis to determine whether offense may be injurious to FRANCHISOR's Proprietary Marks or the goodwill associated therewith;

(xiv) If FRANCHISEE fails to honor or pay for Store warranties, or if FRANCHISEE's warranty fund is not replenished within ten (10) days of demand by FRANCHISOR;

(xv) If FRANCHISEE voluntarily abandons the Store for more than five (5) days; or

(xvi) If FRANCHISEE's (or any of its owners') assets, property, or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or FRANCHISEE (or any of its owners) otherwise violate any such law, ordinance or regulation.

(b) In addition to FRANCHISOR's right to terminate and not in lieu thereof, FRANCHISOR may enter into FRANCHISEE's Store and exercise complete authority with respect to the operation thereof until such time as FRANCHISOR shall determine that the default of FRANCHISEE has been cured and that FRANCHISEE is complying with the requirements of this Agreement. FRANCHISEE specifically agrees that a designated representative of FRANCHISOR may take over control and operate FRANCHISEE's Store and that FRANCHISEE shall reimburse FRANCHISOR for the full compensation paid to such representative including the cost of all fringe benefits plus any and all expenses reasonably incurred by such representative so long as such representative shall be necessary, and in any event until the default has been cured and FRANCHISEE is complying with the terms of this Agreement. In connection with this right, FRANCHISOR may obtain a temporary restraining order as a matter of course from any court of competent jurisdiction enjoining and restraining FRANCHISEE from any interference with the right of FRANCHISOR to enter upon the licensed premises and exercise complete control and authority with respect to the operation of the Store.

## 28. PROCEDURES AFTER TERMINATION, OR EXPIRATION AND NONRENEWAL.

(a) Upon the termination, or expiration and nonrenewal of this Agreement for any cause, FRANCHISEE shall immediately cease operations of any automotive window tinting, auto alarms or other auto accessories sales and installation or similar business at the location licensed under this Agreement and shall immediately discontinue the use of FRANCHISOR's trade names, trademarks, or service marks, and all goods and materials, including, but not limited to, signs, structures, fixtures, equipment, literature of any kind, including, but not limited to, all forms of advertising and stationery containing or bearing FRANCHISOR's trade names, trademarks, or service marks, or any distinctive color schemes or patterns, symbols, designs, or emblems suggestive of FRANCHISOR or anything in any way connecting FRANCHISOR and FRANCHISEE; and so far as FRANCHISEE may lawfully do so, shall make or cause to be made such removals of or changes in signs, buildings and structures as FRANCHISOR shall reasonably direct so as to eliminate the name "TURBO TINT" from FRANCHISEE's premises, and to effectively distinguish the premises from its former appearance and from any other TURBO TINT STORE.

If FRANCHISEE shall, upon request, fail or omit to make or cause such changes to be made, then without prejudice to FRANCHISOR's other rights and remedies, FRANCHISOR shall have the right to enter upon FRANCHISEE's premises without being guilty of trespass or any other tort, and to make or cause to be made such changes at FRANCHISEE's expense. FRANCHISEE hereby appoints FRANCHISOR its attorney-in-fact for the purpose of taking any and all steps and executing any documents necessary to assign and transfer to FRANCHISOR upon expiration and nonrenewal, or termination of this Agreement each telephone number, email address, domain name and internet directory listing maintained by

FRANCHISEE as a TURBO TINT franchisee. In the event of a termination or expiration and nonrenewal of this Agreement, FRANCHISEE shall take any and all steps and execute any documents as may be necessary to effectuate the transfer(s). Upon expiration and nonrenewal, or termination of this Agreement, FRANCHISEE shall not, in any way, use or attempt to use any such telephone number(s), email address(es), domain name(s) or internet directory listing(s), including, but not limited to, having calls forwarded or "ring over" to any other number, having emails forwarded to any other address or having domain names redirected to another website. Upon termination or expiration and nonrenewal, of this Agreement, FRANCHISEE agrees to submit confirmation to FRANCHISOR that all payments due and owing to its telephone service provider and for any advertising have been made.

FRANCHISEE shall, at its expense and upon request of FRANCHISOR, also remove and deliver to FRANCHISOR any material which has been loaned by FRANCHISOR to FRANCHISEE, as well as all consigned inventory which may be in FRANCHISEE's possession. FRANCHISEE shall return and/or delete from its computer's hard drive copies of any Operations Manuals that may have been downloaded. FRANCHISEE, upon request of FRANCHISOR, shall sell its entire inventory on hand to FRANCHISOR at the depreciated value of said inventory on FRANCHISEE's books, less freight and handling cost. At FRANCHISOR's request, FRANCHISEE shall turn over any materials, including stationery, business cards, brochures and other advertising materials, customer records or sales invoices bearing FRANCHISOR's trade names, trademarks, service marks, logos, symbols or designs that are suggestive of the FRANCHISOR or contain FRANCHISOR's trade secrets or other confidential information. FRANCHISEE shall provide FRANCHISOR with all internet account names, access codes and passwords used in the operation of the franchised business.

(b) In no event shall termination, or expiration and nonrenewal of this Agreement affect, modify or discharge any claims, rights, causes of action or remedies which FRANCHISOR may have against FRANCHISEE, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after expiration and nonrenewal, or termination of this Agreement. No act of FRANCHISOR taken pursuant to any rights under the terms of this Agreement, any other agreement, or at law or sounding in equity shall be deemed as a release of FRANCHISEE or consent to any action of FRANCHISEE, nor shall any such act be deemed a novation of this Agreement.

(c) Upon termination, or expiration and nonrenewal of this Agreement, FRANCHISOR shall have the right to credit all monies of FRANCHISEE being held under deposit or otherwise, to any debts which the FRANCHISEE owes FRANCHISOR or its subsidiaries or divisions, FRANCHISEE's advertising agent, FRANCHISEE's insurance carrier, the TURBO TINT CREATIVE FUND or any local advertising group or pool of which FRANCHISEE is a member. All monies held by FRANCHISOR with respect to Store warranties in a warranty fund pursuant to Section 18 of this Agreement shall remain with FRANCHISOR upon termination or expiration and nonrenewal of this Agreement and will not be credited to FRANCHISEE. FRANCHISEE shall remain liable for all monies owed pursuant to this Agreement prior to and after any authorized or unauthorized transfer or attempt to transfer all or any part of FRANCHISEE's rights and interest hereunder, all or any of the assets of the Store, or the cessation of operation as an TURBO TINT STORE by FRANCHISEE.

(d) Upon termination, expiration or nonrenewal, FRANCHISEE shall provide FRANCHISOR with a tally of all warranties issued and in effect as of the date of termination or expiration along with an amount representing the total liability associated with such warranties. If the total liability exceeds the then current balance of FRANCHISEE's payment to FRANCHISOR which is held in the warranty fund, FRANCHISEE shall be required to: (i) pay an additional amount equal to the deficiency to FRANCHISOR to be held in the warranty fund; or (ii) deposit the additional amount into an escrow account. After FRANCHISEE's prior balance in the warranty fund is exhausted to satisfy warranty liabilities, FRANCHISOR shall administer the additional funds for such purpose. If warranty liabilities exceed the additional funds, FRANCHISEE shall be required to make subsequent payments or deposits of funds. If FRANCHISEE's debts as described in Section 28(c) have been satisfied and all warranty liabilities are satisfied, other remaining funds shall be refunded or released to FRANCHISEE within sixty (60) days, except however, if the warranties issued by the Store exceeded the scope of a valid warranty pursuant to the TURBO TINT Warranty Program, or if FRANCHISEE is not compliance with its other obligations

hereunder which survive termination or expiration, then FRANCHISOR shall retain any unused additional funds and the FRANCHISEE will not receive a refund of any of the additional funds. FRANCHISOR's requirements set forth in this Section are for the sole purpose of protecting the goodwill associated with FRANCHISOR's name and FRANCHISOR's Proprietary Marks. Nothing in this Section shall make FRANCHISOR a party to any of the warranty agreements entered into between FRANCHISEE and FRANCHISEE's customers. FRANCHISEE acknowledges that TURBO TINT Stores, issue, honor and service warranties and not FRANCHISOR. Nothing in this Section shall make FRANCHISOR liable for FRANCHISEE's operation of its TURBO TINT STORE, liable to FRANCHISEE's customers, or liable for FRANCHISEE's services or repairs, warranty agreements or warranty liabilities.

(e) Without limiting any of the foregoing, upon expiration and nonrenewal, or termination of this Agreement, FRANCHISEE shall execute such documents and take such action as FRANCHISOR shall deem reasonably necessary or desirable to demonstrate the fact that FRANCHISEE has ceased using the trademarks, trade names, service marks and other distinctive commercial symbols, color schemes, patterns or emblems suggestive of an TURBO TINT STORE and otherwise has terminated its rights hereunder.

(f) The termination, or expiration and nonrenewal of this Agreement shall not affect, modify or discharge any claims, rights or causes of action which FRANCHISOR may have against FRANCHISEE, under this Agreement or otherwise, whether such claims or rights arise before or after termination, or expiration and nonrenewal and FRANCHISEE agrees hereby that in addition to any other damages to which FRANCHISOR may be entitled, and as set forth in Section 42, FRANCHISOR may collect a sum equal to the value of all future royalty payments which would have been due hereunder for the remainder of the term, which sum shall be computed by FRANCHISOR and based upon the average monthly gross sales (as the term "gross sales" is defined elsewhere in this Agreement) of FRANCHISEE during the term of this Agreement.

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29. OPTIONS TO ASSIGN OR RESELL.

(a) Upon termination, expiration or nonrenewal, FRANCHISOR or its designee (each a "Purchaser" for purposes of this Section 29) shall have the option and exclusive right, but not the obligation, to:

(i) Purchase from FRANCHISEE all or any part of the inventory, owned by FRANCHISEE and used in connection with the Store for a purchase price equal to the verified price paid by FRANCHISEE plus shipping costs;

(ii) Purchase from FRANCHISEE all or any part of the furniture, leasehold improvements, furnishings, fixtures, equipment and other chattels owned by FRANCHISEE and used in connection with the Store for a purchase price per item equal to the fair market value of such item as determined by an independent appraiser;

(iii) Receive an assignment of FRANCHISEE's interest in all or any leases of the furniture, trade fixtures, equipment and chattels used in connection with the Store; and

(iv) Receive an assignment of FRANCHISEE's interest in the Lease, subject to the consent of the landlord under the Lease being obtained (if required), which consent FRANCHISEE shall use its best efforts to obtain, provided that the terms of the Lease Addendum shall govern in the event of any conflict with this Section 28(a).

(b) Each of the options set forth in Section 29(a) above may be exercised independent of the others and may only be exercised by written notice given to FRANCHISEE by FRANCHISOR within thirty (30) days of termination, expiration or nonrenewal and each such option shall survive termination, expiration or nonrenewal. If FRANCHISOR exercises either of the options set forth in Section 29(a)(i) or (ii) above, FRANCHISOR shall have the right to set off all amounts due from FRANCHISEE under this Agreement, or any other agreement between FRANCHISOR and FRANCHISEE, if any, against the purchase price.

(c) FRANCHISEE shall cause the landlord under the Lease to, take all actions that may be reasonably requested of them to give effect to the option(s) exercised under this Section and/or to the option(s) exercised pursuant to the Lease Addendum, as applicable.

(d) Upon the Purchaser's exercise of any of the options described in this Section, there shall be a binding agreement of purchase and sale between the Purchaser and FRANCHISEE pursuant to which FRANCHISEE shall be bound to sell and/or assign, and the Purchaser shall be bound to purchase or assume, the property and/or interest with respect to which such option(s) was exercised (the "Property"). The closing of the transaction shall occur within thirty (30) days of FRANCHISEE's receipt of the written notice required pursuant to Section 29(b) above. At the closing FRANCHISEE agrees to sell, transfer and assign to the Purchaser good and marketable title to the Property, free and clear of all mortgages, charges, liens, security interests and other encumbrances whatsoever and shall execute and deliver to Purchaser such bills of sale, assignments and other conveyances of title or evidence of transfer and sale as may be necessary to effectuate transfer, give notice and register Purchaser's interest in the Property. Subject to applicable bulk sales legislation, the aggregate purchase price for the Property as determined in Section 29(a) (the "Payment") shall be applied by FRANCHISEE on closing as follows:

(i) First, to the payment of all amounts and owing by FRANCHISEE to FRANCHISOR hereunder or under any other obligation;

(ii) Second, to the payment of all amounts required in order to obtain a discharge of all mortgages, liens, charges, security interests and other encumbrances on the Property;

(iii) Third, to the payment of all amounts which are due and owing by FRANCHISEE to the landlord under the Lease;

(iv) Fourth, to the payment of all amounts which are due and owing by the FRANCHISEE to its trade creditors; and

(v) Fifth, to FRANCHISEE.

(e) If FRANCHISEE shall fail to close the transaction within such thirty (30) days, then FRANCHISOR shall be entitled to complete the transaction and obtain possession of the Property (including the licensed premises) by paying the Payment as provided in this Section.

(f) FRANCHISEE irrevocably constitutes and appoints FRANCHISOR as its true and lawful attorney-in-fact and agent for, in the name of and on behalf of FRANCHISEE to execute and deliver in the name of FRANCHISEE all such assignments, transfers (including the transfer of telephone numbers and telephone directory listings and advertisements), bills of sale and other conveyances of title, notices and evidences of transfer as may be necessary to effectively transfer and assign the Property to FRANCHISOR and to give effect to any of the provisions of Section 27(b) and Section 28 of this Agreement.

30. TEMPORARY RIGHT TO OPERATE BUSINESS. Upon termination, expiration or nonrenewal and in order to enable FRANCHISOR to determine whether it will exercise any of its options under Section 28 and to preserve the goodwill associated with FRANCHISOR's name and the Proprietary Marks, FRANCHISOR (or its designee) shall have the right, but not the obligation, by giving notice to FRANCHISEE, to take immediate exclusive possession of the licensed premises and to operate the Store. FRANCHISEE shall give exclusive possession of the licensed premises to FRANCHISOR and shall provide FRANCHISOR with access to all books and records relating to the Store business. If FRANCHISOR exercises its rights pursuant to this Section, then the period of time in which FRANCHISOR has to exercise its options in Section 29 shall be extended for sixty (60) additional days. FRANCHISOR shall have the right to terminate its (or its designee's) management of the Store at any time. FRANCHISOR shall not be liable or responsible for any losses, costs, expenses or damages suffered by FRANCHISEE during FRANCHISOR's management.

31. ATTORNEY'S FEES AND COLLECTION COSTS. FRANCHISEE shall pay FRANCHISOR all reasonable costs and expenses, including, but not limited to, investigatory costs, collection costs, attorney's fees and court costs, incurred by FRANCHISOR in connection with the collection of any amounts owed to FRANCHISOR hereunder, or any action, suit or legal proceeding involving the enforcement of any provision of this Agreement. If FRANCHISEE files a lawsuit against FRANCHISOR, the prevailing party shall be is entitled to collect its reasonable attorney's fees and costs from the losing party.

32. EQUITABLE RELIEF. The parties hereto agree and stipulate that the restraints upon the FRANCHISEE as described throughout this Agreement, including, but not limited to, those provisions within the Section entitled "COVENANT NOT TO COMPETE" are reasonable with regard to the limitations; necessary for the protection of FRANCHISOR and its business; and that such restraints will not be unduly burdensome upon FRANCHISEE. In addition to all the remedies at law available to FRANCHISOR in the event of any breach of this Agreement by FRANCHISEE, FRANCHISEE agrees that a violation of any of the covenants, terms or provisions hereof to be performed by FRANCHISEE pursuant to this Agreement will cause irreparable harm to FRANCHISOR and that the actual amount of damages will be impossible to ascertain. FRANCHISEE agrees that because of the impossibility of determining FRANCHISOR's total damages in the event of such breach, FRANCHISOR shall be entitled as a matter of course to a temporary restraining order, temporary injunction, and/or a permanent injunction from any court of competent jurisdiction without prior notice thereof to FRANCHISEE, which right of notice, if any, is expressly waived with full knowledge and consent of FRANCHISEE, enjoining and restraining the further violation of any provision of this Agreement, prohibiting FRANCHISEE from any interference with the assertion of any rights of FRANCHISOR, and/or granting possession and control of the Store licensed hereunder to FRANCHISOR. Nothing contained herein shall be construed as in any way limiting the rights of FRANCHISOR to enforce this Agreement or to avail itself of any remedies available to it in law or in equity or otherwise, or as a waiver of any rights to recover damages from FRANCHISEE for any violation. If a

bond is required to be posted by FRANCHISOR in order to obtain injunctive relief hereunder, FRANCHISEE agrees and stipulates that the bond in an amount not to exceed Five Thousand Dollars (\$5,000.00) shall in all instances be adequate.

33. FAILURE TO EXERCISE RIGHTS. No failure of FRANCHISOR to exercise any power or rights given to it hereunder or to insist upon strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of FRANCHISOR's right to demand exact compliance with the terms hereof. Waiver by FRANCHISOR of any particular default by FRANCHISEE shall not affect or impair FRANCHISOR's rights in respect to any subsequent default of the same or a different nature; nor shall any delay or omission of FRANCHISOR to exercise any rights arising from a default affect or impair FRANCHISOR's rights as to said default or any subsequent default.

34. LEASE. If FRANCHISEE leases or subleases the property on which the Store will be operated, any such sublease or lease must be attached hereto as Exhibit "A," and FRANCHISEE must provide FRANCHISOR with a copy of such lease prior to the commencement of operation of the TURBO TINT STORE licensed hereunder, and all renewals during the term of this Agreement (and any renewals hereof). FRANCHISEE further agrees to include the following provisions in any such lease or sublease:

"In the event of any breach by FRANCHISEE of any of the provisions contained herein, and in the further event that this Lease shall be terminated by Lessor, or if Lessee shall surrender possession of the premises, or be expelled or removed by Lessor for any reason, or should Lessee be more than thirty (30) days late in the payment of any rental or the performance of any other obligations (whether monetary or otherwise) under the terms of this Lease, Lessor shall give written notice thereof by registered mail to MORAN INDUSTRIES, INC., 11524 West 183rd Place, Orland Park, Illinois 60467, and MORAN INDUSTRIES, INC. or its designee shall have the exclusive option within ten (10) days of receipt of said notice to assume in writing with Lessor all of the obligations of Lessee hereunder (including, but not limited to, the obligation of any rental then past due). In the event of such assumption, MORAN INDUSTRIES, INC. or its designee shall acquire all of the right, title, and interest of Lessee in and about said premises.

In addition, should MORAN INDUSTRIES, INC. terminate the Franchise Agreement for the operation of the TURBO TINT STORE on these premises, MORAN INDUSTRIES, INC. will give notice thereof to Lessor, and the same shall be considered by Lessor and Lessee as a breach of this Lease on the part of Lessee. This notice shall also include a statement of MORAN INDUSTRIES, INC.'s, (or its designee's) intent to assume Lessee's obligations hereunder. Upon the receipt of such notice, Lessor shall immediately assign all of the right, title, and interest of Lessee in and about said premises to MORAN INDUSTRIES, INC. (or its designee) under the same terms and conditions as contained in the Lease.

Lessor and Lessee understand and agree that the premises leased hereby shall be operated solely as a licensed TURBO TINT STORE unless such requirement is waived in writing by MORAN INDUSTRIES, INC."

Failure to provide such lease or sublease prior to the beginning of operation of the TURBO TINT STORE licensed hereunder and/or failure to include the above provisions in any third-party lease shall constitute an item of default hereunder and shall entitle FRANCHISOR to enforce any and all rights and remedies available to it, including, but not limited to, the right to injunctive relief granting possession and control of the premises to FRANCHISOR.

35. SECURITY INTEREST. FRANCHISEE hereby grants to FRANCHISOR a security interest in any and all personal property, equipment, tools, inventory, furniture and fixtures owned by FRANCHISEE and used or usable in connection with the operation of the franchise. FRANCHISOR may take a subordinate position in the security interest if an SBA participating or third party lender requires a first lien and the appropriate documentation of such subordination is executed by all parties. This security interest shall be security for any and all royalties, damages, expenses or other sums owed to FRANCHISOR hereunder and for any other amounts owed by FRANCHISEE to FRANCHISOR. FRANCHISEE agrees to

execute any documents, including but not limited to, a UCC-1 (or replacements therefor or extension thereof) reasonably believed by FRANCHISOR to be necessary to perfect said security interest prior to the opening of the TURBO TINT STORE licensed hereunder, and hereby appoints FRANCHISOR as its attorney-in-fact for the purpose of executing such documents should FRANCHISEE fail so to do. Except with respect to FRANCHISEE's sales of inventory in the ordinary course of business, FRANCHISEE shall not sell, transfer, lease, sublease, assign, remove, waste, destroy, encumber or relocate any of the property described herein as subject to FRANCHISOR's security interest and shall keep said property secure within the premises of the Store. Further, FRANCHISEE shall take no other action which interferes with FRANCHISOR's security interest in said property, unless and until FRANCHISOR releases its security interest in the same.

36. COMPLIANCE WITH LAWS.

(a) FRANCHISEE (and any of its owners) agrees to conduct its business in strict compliance with all applicable laws, ordinances, regulations, and other requirements of any federal, state, county, municipal or other governmental authority, including, but not limited to all laws, ordinances, regulations and requirements relating to: (i) licensing and certification; (ii) occupational hazards and health; (iii) handling, storage and disposal of chemicals, hazardous materials, and other materials of a similar nature; (iv) the Occupational Safety and Health Act; (v) state and federal civil and human rights acts; (vi) environmental matters; (vii) workers' compensation; (viii) insurance; (ix) unemployment insurance and withholding; and (x) payment of federal and state income taxes, Social Security taxes, and sales taxes. FRANCHISEE further agrees to obtain and maintain in effect at its own expense all required permits, licenses, certificates and other consents for the operation of its business. FRANCHISEE shall immediately upon receipt deliver to FRANCHISOR a copy of any notice or other instrument which alleges a violation of any municipal, state, federal, or any other governmental law, ordinance, rule, regulation, or order of any governmental agency or authority. Further, FRANCHISEE agrees hereby to give notice to FRANCHISOR of any customer complaints made to any consumer agency, including, but not limited to, the Better Business Bureau, state or federal agencies, or other such entities, and further agrees to promptly respond to and answer any such complaints, with a copy of such answer to be provided to FRANCHISOR immediately. Should FRANCHISOR be advised by any such agency of the investigation of FRANCHISEE's business for any reason whatsoever, FRANCHISEE shall fully cooperate in any request for cooperation in such investigation and shall pay any and all expenses incurred by FRANCHISOR therein, including, but not limited to, investigation fees, fines, penalties, court costs, attorney's fees and interest.

(b) FRANCHISEE (and any of its owners) agrees to comply, and to assist FRANCHISOR to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, FRANCHISEE (and any of its owners) certifies, represents, and warrants that none of their property or interests is subject to being blocked under, and that FRANCHISEE (and its owners) otherwise is not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by FRANCHISEE (or any of its owners), or any blocking of FRANCHISEE's (or any of its owners') assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 27(a)(xvi) above.

37. SEVERABILITY. In the event any of the terms, conditions or clauses of this Agreement shall be determined by a court of competent jurisdiction to be illegal or unenforceable, or be declared by such court to be invalid, then only those terms, conditions or clauses as so determined by the court shall be affected, and all other terms, conditions and clauses hereof shall remain fully valid and enforceable according to law.

Further, in the event any state or other governmental authority has enacted or promulgated, or subsequently enacts or promulgates, any legislation or regulation which affects, alters or controls the terms and substance of this Agreement, such shall automatically become a part of this Agreement and any portions hereof in conflict therewith shall be amended to conform with such legislation or regulation.

38. **NOTICE.** All notices required hereunder shall be deemed properly given if one party shall mail the same, postage prepaid, to the other by registered or certified mail, FedEx, UPS, hand delivery or courier service (a) if to FRANCHISEE, to the address of the TURBO TINT STORE licensed hereunder and/or FRANCHISEE's last known address; (b) if to FRANCHISOR, to its principal business address, marked to the attention of the President. If any notice sent by FRANCHISOR shall be returned for any reason, then it shall be deemed that FRANCHISEE has received proper notice under the terms of this Agreement and FRANCHISOR may proceed to enforce its rights hereunder at law or in equity.

39. **APPLICABLE LAW/CONSENT TO JURISDICTION.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act 15 U.S.C. Section 1051 et. Seq.), this Agreement and the franchise shall be governed by the internal laws of the State of Illinois (without reference to its choice of law and conflict of law rules), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said laws have been met independently of this provision. The parties agree that any proceedings which arise out of or are connected in any way with this Agreement and/or operation of the TURBO TINT STORE franchise licensed hereunder will be submitted to the United States District Court for the Northern District of Illinois, Cook County, Illinois, if in federal court, or a court of record of Will County, Illinois, if state court. FRANCHISEE irrevocably consents to the exclusive jurisdiction of those courts and waives any objection to either the jurisdiction or venue in those courts. FRANCHISEE (and its owners) agrees that FRANCHISOR may enforce any arbitration award and judgment in the courts of the state or states in which FRANCHISEE is domiciled or FRANCHISEE's TURBO TINT STORE is located.

40. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR (INCLUDING, BUT NOT LIMITED TO ANY OBLIGATION TO MAKE PAYMENTS PURSUANT TO SECTION 42 HEREOF), AND TO INDEMNIFY FRANCHISOR PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR PURSUANT TO THIS AGREEMENT SHALL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN: (1) TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED; OR (2) ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, GROUP-WIDE, JOINT, COMMON, ASSOCIATIONAL OR REPRESENTATIVE BASIS, AND A PROCEEDING BETWEEN FRANCHISOR AND FRANCHISEE OR THE PRINCIPALS MAY NOT BE CONSOLIDATED WITH ANOTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY, NOR MAY ANY CLAIMS OF ANOTHER PARTY OR PARTIES BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN FRANCHISOR AND FRANCHISEE. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

41. **WAIVER OF PUNITIVE DAMAGES.** FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

42. **DAMAGES.** In the event this Agreement is terminated because of FRANCHISEE's default, the parties agree that in addition to any other damages to which FRANCHISOR may be entitled, FRANCHISOR may collect a sum equal to the value of the royalty fee and creative fund contributions that

would have become due from the date of termination to the scheduled expiration date of this Agreement. For this purpose, royalty fees and the creative fund contributions shall be calculated based on the product of average gross sales of FRANCHISEE's TURBO TINT STORE for the twelve (12) months preceding the termination date and years that remained on this Agreement. In the event FRANCHISEE has not continuously operated the TURBO TINT STORE or has failed or refused to consistently or accurately report its gross sales during the twelve (12)-month period preceding the termination date, royalty fees and creative fund contributions may either be estimated from such reports as FRANCHISEE has submitted or calculated based on the average monthly gross sales of all TURBO TINT STORES during FRANCHISOR's last fiscal year or calculated using any reasonable methodology available to FRANCHISOR.

**43. WAIVER OF JURY TRIAL. FRANCHISOR AND FRANCHISEE HEREBY IRREVOCABLY WAIVE TRIAL BY JURY ON ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.**

44. IMPROVEMENTS TO METHOD OF OPERATION. FRANCHISOR expressly reserves the right to revise, amend and change, from time to time, the method of operation of TURBO TINT STORES or any part thereof. Any and all such revisions, amendments, changes and improvements developed by FRANCHISOR, FRANCHISEE, or other franchisees, shall be and become the sole and absolute property of FRANCHISOR, and FRANCHISOR shall have the sole and exclusive rights to copyright, patent, register and protect such improvements in FRANCHISOR's own name, and FRANCHISEE agrees to abide by any such changes.

45. PRONOUNS AND DEFINITION OF TERMS. ALL TERMS AND WORDS USED IN THIS AGREEMENT REGARDLESS OF THE NUMBER AND GENDER IN WHICH THEY ARE USED SHALL BE DEEMED AND CONSTRUED TO INCLUDE ANY OTHER NUMBER, AND ANY OTHER GENDER, AS THE CONTEXT OR SENSE OF THIS AGREEMENT OR ANY PROVISION HEREOF MAY REQUIRE, AS IF SUCH WORDS HAD BEEN FULLY AND PROPERLY WRITTEN IN THE APPROPRIATE NUMBER AND GENDER. IF FRANCHISEE CONSISTS OF TWO (2) OR MORE INDIVIDUALS IN A PARTNERSHIP OR IF FRANCHISEE IS A CORPORATION OR LIMITED LIABILITY COMPANY, THEN SUCH GENERAL AND LIMITED PARTNERS, SHAREHOLDERS, STOCKHOLDERS, MEMBERS AND MANAGERS OR ANY OTHER INDIVIDUALS HAVING AN OWNERSHIP INTEREST IN "FRANCHISEE" SHALL BE JOINTLY INDIVIDUALLY BOUND BY THE TERMS AND OBLIGATIONS OF THIS AGREEMENT AND JOINTLY AND SEVERALLY LIABLE, AND REFERENCES TO FRANCHISEE IN THIS AGREEMENT SHALL INCLUDE ALL SUCH INDIVIDUALS, GENERAL AND LIMITED PARTNERS, SHAREHOLDERS, AND STOCKHOLDERS AND MEMBERS AND MANAGERS.

46. CAPTIONS. The section captions as to contents of a particular section herein are inserted only for convenience, and are no way to be construed as part of this Agreement, or as a limitation of the scope of the particular section to which they refer.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

47. ENTIRE AGREEMENT. NOTHING IN THIS AGREEMENT OR ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS FRANCHISOR MADE IN THE FRANCHISE DISCLOSURE DOCUMENT. THIS DOCUMENT CONTAINS THE ENTIRE AGREEMENT BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF, AND NO REPRESENTATIONS, INDUCEMENTS, PROMISES, OR AGREEMENTS, ORAL OR OTHERWISE, BETWEEN THE PARTIES WITH REFERENCE THERETO AND NOT EMBODIED IN THIS AGREEMENT SHALL BE OF ANY FORCE OR EFFECT EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT. ANY AGREEMENTS MADE HEREINAFTER SHALL BE INEFFECTIVE TO CHANGE, MODIFY, ADD TO OR DISCHARGE IN WHOLE OR IN PART, THE OBLIGATIONS AND DUTIES UNDER THIS AGREEMENT, UNLESS SUCH AGREEMENT IS IN WRITING AND SIGNED BY FRANCHISEE AND BY AN AUTHORIZED OFFICER OF FRANCHISOR.

ATTEST:

FRANCHISOR:  
MORAN INDUSTRIES, INC.  
an Illinois corporation d/b/a Moran Family of Brands®

\_\_\_\_\_

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

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

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

ATTEST:

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Printed

ATTEST:

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Printed

ADDRESS OF FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

If FRANCHISEE is a partnership, a corporation or limited liability company, this Agreement and all obligations, promises and covenants of FRANCHISEE must be guaranteed individually and personally.

**EXHIBIT A TO FRANCHISE AGREEMENT**

LEASE OR SUBLEASE AND ADDENDUM TO LEASE AGREEMENT

(FRANCHISEE's lease agreement or sublease agreement for the licensed premises, if any, and the Addendum to Lease Agreement (Exhibit J of the Franchise Disclosure Document), fully executed by Franchisee and the lessor or landlord for the licensed premises should be attached hereto.)

## EXHIBIT B TO FRANCHISE AGREEMENT

### NONDISCLOSURE AND NON-COMPETITION AGREEMENT

**THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT** (this "Agreement") made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, ("Effective Date") is by and between \_\_\_\_\_, ("FRANCHISEE") (d/b/a a Turbo Tint™ ("Turbo Tint") Franchise and \_\_\_\_\_ of \_\_\_\_\_ (State), ("INDIVIDUAL") (the "Parties").

#### WITNESSETH:

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement") by and between FRANCHISEE and FRANCHISOR (Moran Industries, Inc. d/b/a Moran Family of Brands®); and

WHEREAS, FRANCHISOR of FRANCHISEE is Moran Industries, Inc., d/b/a Moran Family of Brands®; and

WHEREAS, FRANCHISEE desires INDIVIDUAL to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, FRANCHISEE is required by the Franchise Agreement to have INDIVIDUAL execute this Agreement prior to providing INDIVIDUAL access to said Trade Secrets and other Confidential Information; and

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party or using such information to compete against FRANCHISEE or any other franchisee of FRANCHISOR in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) installation and service of automotive window tint, automotive paint protection film, architectural window tint and auto accessories (and flat-glass window tinting and window treatment services, if applicable) and/or other services or products the same as or similar to those provided by FRANCHISEE or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of FRANCHISEE, or FRANCHISOR, any affiliate of FRANCHISOR or FRANCHISOR's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by FRANCHISEE under a Franchise Agreement with FRANCHISOR.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties hereby mutually agree as follows:

#### **1. Intended Third Party Beneficiary**

FRANCHISEE and INDIVIDUAL acknowledge and understand FRANCHISOR is an intended third-party beneficiary of this Agreement giving FRANCHISOR the right to enforce this Agreement against INDIVIDUAL without FRANCHISOR being a party to this Agreement.

#### **2. Trade Secrets and Confidential Information**

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords and lists of actual or potential customers or suppliers) related to or used in the development and/or operation of Turbo Tint Stores that is not commonly known by or available to the public and that information: (i) derives economic value, actual or

potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to the development and/or operation of Turbo Tint Stores that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the operating manual and training guides and materials. In addition, any other information identified as confidential when delivered by FRANCHISEE shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of INDIVIDUAL; (ii) INDIVIDUAL can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure by FRANCHISEE pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by FRANCHISOR or FRANCHISEE as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve INDIVIDUAL of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. INDIVIDUAL understands FRANCHISEE’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between INDIVIDUAL and FRANCHISEE with respect to the Trade Secrets and other Confidential Information.

### **3. Confidentiality/Non-Disclosure**

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by FRANCHISEE to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that FRANCHISEE has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL’s obligations under paragraph 3(a) of this Agreement shall continue in effect after termination or expiration of INDIVIDUAL’s relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and FRANCHISEE and/or FRANCHISOR are entitled to communicate INDIVIDUAL’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by FRANCHISEE and/or FRANCHISOR for protection of their rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Turbo Tint Store.

### **4. Non-Competition**

a) During the term of INDIVIDUAL’s relationship with FRANCHISEE and for a period of two (2) years after the expiration or termination of INDIVIDUAL’s relationship with FRANCHISEE, regardless of the cause of expiration or termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of FRANCHISEE to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the FRANCHISOR’s trademarks “Turbo Tint™” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the FRANCHISOR designates to be used in connection with Turbo Tint Stores or the FRANCHISOR’s uniform standards, methods, procedures and specifications for the establishment and operation of Turbo Tint Stores.

b) During the term of INDIVIDUAL's relationship with FRANCHISEE, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity as a director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of FRANCHISEE and FRANCHISOR.

c) For a two (2) year period following the term of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity as a director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of FRANCHISEE's Turbo Tint Store within twenty-five (25) miles of any other Turbo Tint Stores without the express written consent of FRANCHISEE and FRANCHISOR.

#### **5. Reasonableness of Restrictions**

INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of FRANCHISEE, FRANCHISOR, and FRANCHISOR's Trade Secrets and other Confidential Information, the FRANCHISOR's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **6. Relief for Breaches of Confidentiality and Non-Competition**

INDIVIDUAL further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause FRANCHISEE and FRANCHISOR immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, FRANCHISEE and FRANCHISOR shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by INDIVIDUAL of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that FRANCHISEE and FRANCHISOR may have at law or in equity.

#### **7. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between INDIVIDUAL and FRANCHISEE with respect to the subject matter hereof. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

b) The requirement for this Nondisclosure and Non-Competition Agreement between FRANCHISEE and its employees, including the provision that makes FRANCHISOR an intended third party beneficiary, shall not create an employee or joint employee relationship between FRANCHISOR and FRANCHISEE'S employees.

c) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_ (without reference to its conflict of laws principles).

References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

**d) ANY ACTION BROUGHT BY ANY OF THE PARTIES, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN OR SERVING \_\_\_\_\_ COUNTY, \_\_\_\_\_. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY ALSO BE BROUGHT BY FRANCHISOR OR FRANCHISEE WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR AWARDS IN ANY APPROPRIATE JURISDICTION.**

e) INDIVIDUAL agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings, incurred by the successful or prevailing party in that action or proceeding.

f) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of INDIVIDUAL and shall inure to the benefit of FRANCHISEE and its subsidiaries, successors and assigns.

g) The failure of either Party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other Parties with respect thereto shall continue in full force and effect.

h) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

i) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

j) This Agreement may be modified or amended only by a written instrument duly executed by INDIVIDUAL and FRANCHISEE.

k) The existence of any claim or cause of action INDIVIDUAL might have against FRANCHISEE or COMPANY will not constitute a defense to the enforcement by FRANCHISEE or COMPANY of this Agreement.

l) Except as otherwise expressly provided in this Agreement, no remedy conferred upon FRANCHISEE or COMPANY pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE FRANCHISOR SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE FRANCHISOR. THIS REQUIREMENT MAKING FRANCHISOR AN INTENDED THIRD PARTY BENEFICIARY SHALL NOT CREATE AN AGENCY RELATIONSHIP.**

**IN WITNESS WHEREOF, FRANCHISEE has hereunto caused this Agreement to be executed by its duly authorized officer, and INDIVIDUAL has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each Party. A copy of this executed Agreement must be provided to FRANCHISOR.**

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

FRANCHISEE:

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

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

INDIVIDUAL:

Signature: \_\_\_\_\_

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

## EXHIBIT F

### GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS IS GIVEN THIS \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (the "GUARANTOR[S]").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by Moran Industries, Inc. d/b/a Moran Family of Brands®, (the "FRANCHISOR") and \_\_\_\_\_ (the "FRANCHISEE"), each of the undersigned hereby personally and unconditionally (a) guarantees to FRANCHISOR, and its successors and assigns, for the term of the Agreement and thereafter, as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by FRANCHISOR for the foregoing undertaking; (2) notice of demand for payment of any indebtedness or non performance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability. Each of the undersigned consents and agrees that; (1) his or her direct and immediate liability under this guarantee shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR may grant to FRANCHISEE or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned GUARANTORS represents and warrants that, if no signature appears below for such GUARANTOR's spouse, such GUARANTOR is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each GUARANTOR hereby consents and agrees that:

(a) GUARANTOR's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, FRANCHISEE and the other owners of FRANCHISEE;

(b) GUARANTOR shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;

(c) This undertaking shall survive any renewal or amendment of the Agreement including, but not limited to, the addition to the Agreement of a corporation or other business entity which is owned by FRANCHISEE as an additional franchisee and FRANCHISEE's execution of FRANCHISOR's then current franchise agreement upon renewal;

(d) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to FRANCHISEE or any assignee or successor of FRANCHISEE or by any abandonment of the Agreement by a trustee of FRANCHISEE. Neither the GUARANTOR's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released, or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of FRANCHISEE or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(e) FRANCHISOR may proceed against GUARANTOR and FRANCHISEE jointly and severally, or FRANCHISOR may, at its option, proceed against GUARANTOR, without having commenced any action, or having obtained any judgment against FRANCHISEE. GUARANTOR hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(f) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act 25. U.S.C. Section 1051 et. Seq.), this Agreement and the franchise shall be governed by the internal laws of the State of Illinois (without reference to its choice of law and conflict of law rules), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said laws have been met independently of this provision. GUARANTOR agrees that any disputes, suits or actions hereunder will be submitted to the United States District Court for the Northern District of Illinois, Cook County, Illinois, if in federal court or a court of record of Will County, Illinois, if state court and GUARANTOR irrevocably consents to the exclusive jurisdiction of those courts and waives any objection to either the jurisdiction or venue in those courts. Nothing in this paragraph (f) precludes enforcement of an award or judgment in a court of the state where GUARANTOR is domiciled or where GUARANTOR's assets are located; and

(g) GUARANTOR agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against GUARANTOR.

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

**GUARANTOR(S)**

**PERCENTAGE OWNERSHIP IN  
FRANCHISEE**

\_\_\_\_\_  
**Name of Guarantor**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name of Guarantor**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name of Guarantor**

\_\_\_\_\_  
**Signature**

The undersigned, as the spouse of the GUARANTOR indicated below, acknowledges and consents to the guarantee given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to GUARANTOR's performance of this Guarantee.

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse



**EXHIBIT G**

**FRANCHISEE LIST OF OFFICERS AND DIRECTORS**

\_\_\_\_\_  
**(FRANCHISEE)**

If FRANCHISEE is a corporation or a limited liability company, all persons having an ownership interest in FRANCHISEE'S business entity shall be identified below:

**I. OWNERS:**

\_\_\_\_\_  
**Owner's Name and Title** **% of Ownership Interest**

\_\_\_\_\_  
Owner's Primary Residential Address

\_\_\_\_\_  
Owner's Telephone Number

\_\_\_\_\_  
**Owner's Name and Title** **% of Ownership Interest**

\_\_\_\_\_  
Owner's Primary Residential Address

\_\_\_\_\_  
Owner's Telephone Number

\_\_\_\_\_  
**Owner's Name and Title** **% of Ownership Interest**

\_\_\_\_\_  
Owner's Primary Residential Address

\_\_\_\_\_  
Owner's Telephone Number

\_\_\_\_\_  
**Owner's Name and Title** **% of Ownership Interest**

\_\_\_\_\_  
Owner's Primary Residential Address

\_\_\_\_\_  
Owner's Telephone Number

\_\_\_\_\_  
**Owner's Name and Title** **% of Ownership Interest**

\_\_\_\_\_  
Owner's Primary Residential Address

\_\_\_\_\_  
Owner's Telephone Number

**II. OFFICERS AND DIRECTORS:** (IF FRANCHISEE HAS ANY OFFICERS OR DIRECTORS WHO ARE NOT OWNERS OF FRANCHISEE, PROVIDE INFORMATION BELOW):

---

**Officer or Director's Name and Title**

---

Officer or Director's Primary Residential Address

---

Officer or Director's Telephone Number

---

**Officer or Director's Name and Title**

---

Officer or Director's Primary Residential Address

---

Officer or Director's Telephone Number

---

**Officer or Director's Name and Title**

---

Officer or Director's Primary Residential Address

---

Officer or Director's Telephone Number

---

**Officer or Director's Name and Title**

---

Officer or Director's Primary Residential Address

---

Officer or Director's Telephone Number

---

**Officer or Director's Name and Title**

---

Officer or Director's Primary Residential Address

---

Officer or Director's Telephone Number

## EXHIBIT H

### CONVERSION FRANCHISE ADDENDUM FOR TURBO TINT STORE

This Conversion Franchise Addendum, made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, is by and between Moran Industries, Inc. d/b/a Moran Family of Brands®, (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

#### WITNESSETH:

WHEREAS, Franchisor and Franchisee are concurrently entering into that certain Franchise Agreement of even date herewith for the establishment and operation of an Turbo Tint™ Store, (the “Franchise Agreement”);

WHEREAS, Franchisee presently owns and operates an independent automotive window tinting, automotive paint protection film, architectural window tint, or automotive accessories store, and such business is not associated with, a party to a contract with or otherwise obligated to any other company pursuant to a license, franchise, joint venture, marketing or other such agreement;

WHEREAS, Franchisee desires to convert its currently operating business to a Turbo Tint Store\*;

WHEREAS, Franchisor and Franchisee desire to supplement and amend certain terms and conditions of the Franchise Agreement, if applicable, to better suit the requirements of such conversion; and

WHEREAS, Franchisee acknowledges that by entering into the Franchise Agreement (as amended by this Conversion Franchise Addendum), it will be subject to certain restrictions regarding competition and confidentiality both during and after the term of the Franchise Agreement.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. This Conversion Franchise Addendum shall form an integral part of the Franchise Agreement and shall have such force and effect as is fully set forth therein. The provisions of this Conversion Franchise Addendum shall govern, control, and supersede any inconsistent or conflicting provisions of the Franchise Agreement.

2. The following Sections of the Franchise Agreement are amended as indicated:

Section 1. “Grant.” of Franchise Agreement -

This Section 1 is revised to the extent necessary to require that Franchisee shall commence operations as a Store at the location specified in this Section within sixty (60) days from the date hereof, or the Franchise Agreement (at Franchisor’s option) may be terminated.

Section 1. “Grant.” of Franchise Agreement -

“If Franchisee is a party to an existing lease for the location specified in this Section, Franchisee shall cause such lease to be modified or amended so that its lease meets with Franchisor’s approval and conforms with the requirements of this Section 1. Further, Franchisee shall execute with Franchisor and shall cause its Landlord or Lessor to execute an

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\* Capitalized terms not otherwise defined herein have the meanings given to them in the Franchise Agreement.

addendum to the lease which is the same as or similar to Franchisor's standard form Lease Addendum, except that no provision shall be added to the lease requiring an assignment of lease to Franchisor or a designee." is inserted at the end of the fourth paragraph of this Section.

Section 26. "Covenant Not To Compete." of Franchise Agreement-and

Section 26 of the Franchise Agreement is deleted and the following new section is inserted: "Franchise Agreement: Section 26. Covenant Not To Compete. During the term of the Franchise Agreement, Franchisee, (and its owners if Franchisee is a business entity), Franchisee's spouse and other immediate family members (and each of its owner's spouses and other immediate family members), and any other person acting in concert with or on behalf of Franchisee, shall not, directly or indirectly, engage or be financially interested in, or associated with, or invest in, the ownership or operation of any shop, center, or business which offers or provides, and/or specializes in the installation and service of automotive window tinting, paint protection, architectural window tinting or automotive accessories or related services, except any Stores that may be expressly authorized by Franchisor from time to time under a franchise agreement.

In addition, for a period of two (2) years following the expiration and nonrenewal, termination or transfer of the Franchise Agreement (or any assets of the Store not in the ordinary course), Franchisee, (and its owners if Franchisee is a business entity), Franchisee's spouse and other immediate family members (and each of its owner's spouses and other immediate family members), and any other person acting in concert with or on behalf of Franchisee, shall not offer, sell or provide from the location of the licensed premises or within a twenty-five (25) mile radius of the licensed premises or within a twenty-five (25) mile radius of any then-existing Store, any product or service that is offered at that time by Turbo Tint Stores that Franchisee did not offer, sell or provide in its operation of its independent store prior to its conversion to a Turbo Tint Store.

If any part of this restriction is found by a court of law to be unreasonable in time, scope and/or distance, the restriction may be reduced in time, scope and/or distance by an appropriate order of the court to that deemed reasonable."

Section 27. "Termination By Franchisor." of Franchise Agreement-

In subsection (a)(4) of this Section "one hundred twenty (120) days" shall be deleted and "sixty (60) days" shall be inserted in lieu thereof.

Section 28. "Procedures After Termination or Expiration and Nonrenewal." of Franchise Agreement- Subsection (a)-

"Provided, however, and notwithstanding the foregoing, if Franchisee converted an existing independent store into a Turbo Tint Store, then following expiration and nonrenewal, or termination, Franchisee shall not be required to cease all sales and installation services at the licensed location. Franchisee may continue to offer any product or service that it offered prior to converting to a Turbo Tint Store. Franchisee shall be required to cease to offer any product or service offered by Turbo Tint

Stores that it did not offer prior to its conversion.” shall be added to the end of the first paragraph of Subsection (a).

Section 28. “Procedures After Termination or Expiration and Nonrenewal.” of Franchise Agreement- Subsection (a)-

“Provided, however, Franchisee shall not be required to sell to Franchisor any portion of Franchisee’s inventory that Franchisee has on hand at the time of termination or expiration and nonrenewal which inventory is the same as inventory that Franchisee would have carried in its conduct of its independent store prior to its conversion.” is added to the end of Subsection (a).

Section 34. “Lease.” of Franchise Agreement-

“Provided, however, in the event that Franchisee shall establish its Turbo Tint Store through a conversion of its currently operating independent store and if such operates under a lease, then Franchisee shall not be required under this Section to have terms and conditions added to such lease which provide for an assignment of Franchisee’s lease to Franchisor or Franchisor’s designee. Further, Franchisee’s failure to include such provision in its lease shall not constitute a default of the Franchise Agreement.” is added to the end of this Section.

3. All other sections of the Franchise Agreement shall remain in full force and effect.

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

ATTEST:

FRANCHISOR:  
MORAN INDUSTRIES, INC.  
D/B/A MORAN FAMILY OF BRANDS®

\_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

Witness Printed Name: \_\_\_\_\_

**EXHIBIT I**

**AUTHORIZATION AGREEMENT FOR AUTOMATED PAYMENTS**

**AUTHORIZATION AGREEMENT FOR AUTOMATED PAYMENTS**

Company Name: ( ) MORAN INDUSTRIES, INC.  
**Select Company** ( ) TURBO TINT CREATIVE FUND

I (we) \_\_\_\_\_ hereby authorize the above-selected Franchisee(s)

company(s), hereinafter called COMPANY(S), to initiate *debit* entries *equal to my payment checked below to my* (our) ( ) Checking ( ) Savings Account (**select one**) at the depository financial institution named below, hereinafter called DEPOSITORY and to debit the same such account. As to debit entries for weekly royalty payments, if a weekly report is not received by Wednesday of each week, an amount equal to the store's most recent 10 week average will be debited. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

**Select All That Apply:**

- ( ) Weekly ( ) Monthly Royalty Payment
- ( ) Weekly ( ) Monthly Note Payment
- ( ) Monthly Creative Fund Payment(s) ( ) Turbo Tint

Depository Name \_\_\_\_\_

Branch \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

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

Name(s) \_\_\_\_\_ Center No. \_\_\_\_\_  
(Please Print)

\_\_\_\_\_ Center No. \_\_\_\_\_  
(Please Print)

Signed X \_\_\_\_\_

Signed X \_\_\_\_\_

Date \_\_\_\_\_

**NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.**

***Please attach a voided check from the account on which the debit authorization is to be placed.***

Any modification to this ACH Authorization Agreement must be requested in writing and submitted to [ach@moranbrands.com](mailto:ach@moranbrands.com) or via fax @ (708) 844-0211.

**EXHIBIT J**

**ADDENDUM TO LEASE AGREEMENT**

This Addendum to Lease Agreement (the "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among Moran Industries, Inc. d/b/a Moran Family of Brands®, ("FRANCHISOR"), an Illinois corporation with a principal business address of 11524 W. 183rd Place, Orland Park, Illinois 60467; \_\_\_\_\_ ("LANDLORD"), with a principal business address of \_\_\_\_\_; and \_\_\_\_\_ [Franchisee] (hereinafter referred to as the "TENANT"), with an address of \_\_\_\_\_.

**WITNESSETH:**

**WHEREAS**, LANDLORD and TENANT have executed a lease agreement dated \_\_\_\_\_ (the "Lease") for the premises located at \_\_\_\_\_ (the "Leased Premises") for use by the TENANT as a business to be operated pursuant to Franchisor's Proprietary Marks and system in connection with a written Franchise Agreement dated \_\_\_\_\_, by and between FRANCHISOR and the TENANT (the "Franchise Agreement");

**WHEREAS**, a condition to the approval of TENANT's specific location by FRANCHISOR is that the Lease for the Leased Premises designated for the operation of a **Turbo Tint™ Store** (hereinafter the "Franchised Store") contains the terms and conditions set forth herein;

**WHEREAS**, according to Section 34 of the Franchise Agreement, all right, title and interest in and to the Lease may be assigned to FRANCHISOR upon the termination, or expiration and nonrenewal of the Franchise Agreement; and

**WHEREAS**, it is the intent of the parties hereto to provide FRANCHISOR with the opportunity to preserve the Leased Premises as a Franchised Store in the event of any default, termination, or expiration and nonrenewal of said Lease or Franchise Agreement and to assure LANDLORD that in the event FRANCHISOR exercises its rights herein contained, any defaults of TENANT under the Lease will be cured by FRANCHISOR or its designee before it or its designee takes possession of the Leased Premises.

1. **Use Clause.** The Leased Premises shall be used for the operation of a specialized retail store which installs and services automotive window tinting, automotive paint protection film, architectural window tint and automotive accessories identified by the trademark **Turbo Tint**, the trade name **Turbo Tint** or any other name designated by FRANCHISOR.

LANDLORD acknowledges that such use shall not violate any then existing exclusives granted to any existing tenant of LANDLORD. LANDLORD further acknowledges that during the term of this Lease or any extension thereof, LANDLORD will not lease space within the location of the Franchised Store to a business similar to TENANT's.

LANDLORD represents and warrants that the Leased Premises has no existing building code violations and is properly zoned for its intended use.

2. Default of Lessee Under Lease. LANDLORD shall mail to FRANCHISOR copies of any notice of default or termination it gives to TENANT concurrently with giving such notices to TENANT. If TENANT fails to cure a default within the period provided in the Lease, if any, LANDLORD shall give FRANCHISOR immediate written notice of such failure to cure. LANDLORD shall thereupon offer to FRANCHISOR (or to FRANCHISOR's designee) and FRANCHISOR or its designee shall have the right to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever FRANCHISOR elects. If FRANCHISOR elects to continue (or to have its designee continue) the use of the Leased Premises under an assignment of the Lease or a new lease, it shall so notify LANDLORD in writing within thirty (30) days after it has received written notice from LANDLORD specifying the defaults TENANT has failed to cure within the grace period specified in the Lease. Upon receipt of such notice from FRANCHISOR, LANDLORD shall promptly execute and deliver to FRANCHISOR (or its designee) an assignment of the Lease or a new lease, whichever FRANCHISOR requests, and shall deliver to FRANCHISOR (or its designee) possession of the Leased Premises, free and clear of any rights of TENANT or any third party. FRANCHISOR (or its designee), before taking possession of the Leased Premises, shall promptly cure the defaults specified by LANDLORD in its notice to FRANCHISOR and shall execute and deliver to LANDLORD its acceptance of the assignment of the Lease or of the new lease, as the case may be.

In the event that the FRANCHISOR elects to enter into (or to designate a third party to enter into) a new lease with LANDLORD, then LANDLORD shall do so upon terms and conditions no less favorable than those contained in the Lease.

3. Termination of the Franchise Agreement. If the Franchise Agreement between FRANCHISOR and TENANT is terminated for any reason or if it expires and is not renewed during the term of the Lease or any extension thereof, TENANT, upon the written request of FRANCHISOR, shall assign to FRANCHISOR (or its designee) all of its right, title and interest in and to the Lease. If FRANCHISOR elects to accept (or to have its designee accept) the assignment of the Lease from TENANT, FRANCHISOR (or its designee) shall give TENANT and LANDLORD written notice of its election to acquire the leasehold interest. LANDLORD hereby consents to the assignment of the Lease from TENANT to FRANCHISOR or its designee, subject to TENANT's and/or FRANCHISOR's or its designee's curing any defaults of TENANT under the Lease before FRANCHISOR or its designee takes possession of the Leased Premises. Alternatively, in the event of a termination, expiration or nonrenewal of the Franchise Agreement, FRANCHISOR may elect to enter (or to have its designee enter) into a new lease with LANDLORD containing terms and conditions no less favorable than the Lease. Upon LANDLORD's receipt of written notice from FRANCHISOR advising LANDLORD that FRANCHISOR elects to enter (or to have its designee enter) into a new lease, LANDLORD shall execute and deliver such new lease to FRANCHISOR or its designee for its acceptance. LANDLORD and TENANT shall deliver possession of the Leased Premises to FRANCHISOR or its designee, free and clear of all rights of TENANT or third parties, subject to FRANCHISOR's curing (or its designee's curing) any defaults of TENANT, under the Lease, and executing an acceptance of the assignment of Lease or the new lease, as the case may be.

FRANCHISOR shall indemnify, defend and hold LANDLORD harmless from any attempt to terminate the Lease or dispossess TENANT from the Leased Premises based upon a termination, or expiration and nonrenewal of the Franchise Agreement.

4. TENANT's Agreement to Vacate Leased Premises. TENANT agrees to peaceably and promptly vacate the Leased Premises and to remove its personal property therefrom upon the termination, or expiration and nonrenewal of the Franchise Agreement or upon TENANT's failure to timely cure all of its defaults under the Lease, provided however, that TENANT may not remove any personal property from the Leased Premises which is subject to FRANCHISOR's security interest without FRANCHISOR's express approval, and provided further, that TENANT's right to remove any personal property from the Leased Premises is also subject to and limited by FRANCHISOR's right to acquire (or have its designee acquire) FRANCHISEE's assets upon termination, expiration or nonrenewal of the Franchise Agreement. Any property for which TENANT has obtained FRANCHISOR's approval to remove and which is not removed or otherwise disposed of by TENANT shall be deemed abandoned.

5. Delivery of Possession. If it becomes necessary for LANDLORD to pursue legal action to evict TENANT in order to deliver possession of the Leased Premises to FRANCHISOR or its designee, FRANCHISOR or its designee shall, at the written request of LANDLORD, pay into an interest-bearing escrow account all amounts necessary to cure any default of TENANT pending delivery of the Leased Premises to FRANCHISOR or its designee. If LANDLORD may not legally obtain possession of the Leased Premises or if LANDLORD is unable to deliver the Leased Premises to FRANCHISOR or its designee within six (6) months from the date FRANCHISOR notifies LANDLORD of its election to continue (or to have its designee continue) the use of the Leased Premises, then the FRANCHISOR (or the designee) shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and LANDLORD for the Leased Premises, whereupon all amounts deposited by FRANCHISOR or its designee in escrow, together with interest earned thereon, shall be returned forthwith to the FRANCHISOR or the designee, and LANDLORD shall release the FRANCHISOR or the designee from all of its obligations under the Lease or under any new lease.

6. Amendment of Lease. LANDLORD and TENANT agree not to amend the Lease in any respect, except with the prior written consent of FRANCHISOR.

7. FRANCHISOR Not a Guarantor. LANDLORD acknowledges and agrees that notwithstanding any terms or conditions contained in this Addendum or any other agreement, FRANCHISOR shall in no way be construed as a guarantor or surety of TENANT's obligations under the Lease. Notwithstanding the foregoing, if FRANCHISOR becomes the TENANT by assignment of the Lease in accordance with the terms hereof or enters into a new lease with LANDLORD, then FRANCHISOR shall be liable for all of the obligations of TENANT on its part to be performed or observed under the Lease or a new lease.

8. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of this Addendum shall prevail.

9. No Hazardous Materials. LANDLORD warrants and represents that no part of the Franchised Store location, including the walls, ceilings, structural steel, flooring, pipes or boilers is wrapped, insulated, fire-proofed or surfaced with any asbestos-containing materials (hereinafter "ACM") or other hazardous materials as the same may be identified from time to time by applicable federal, state or local laws or regulations ("Hazardous Materials"), and that no ACM materials or Hazardous Materials will be present in the Leased Premises as of the date TENANT takes possession thereof.

10. Assignment and Subletting. Notwithstanding anything set forth in the Lease to the contrary, TENANT shall have the right to assign this Lease or any interest therein, or sublet the Leased Premises or any portion thereof without the consent of LANDLORD:

- (a) to any bona fide franchisee of FRANCHISOR; or
- (b) to FRANCHISOR or any successor or affiliate thereof.

11. Subordination. LANDLORD will subordinate its interest in TENANT's equipment to any lender financing the same, and LANDLORD will further cooperate in executing all required documents to recognize such subordination.

12. Waiver. Failure of FRANCHISOR to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its right hereunder.

13. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

14. Notices. All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate.

15. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives. This Agreement shall survive any amendment to, or renewal of the term of, this Lease even if such renewal is effectuated by LANDLORD and TENANT's execution of a new lease agreement with different terms and conditions, but with respect to the same Leased Premises.

16. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

17. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which FRANCHISOR may have under this or any other agreement to which FRANCHISOR and TENANT are parties.

18. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred in connection therewith.

19. Construction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Leased Premises are located.

20. Certain Acknowledgments. LANDLORD and TENANT acknowledge and agree that all interior and exterior signage and related items (collectively, the "Leased/Licensed Assets") are the sole property of FRANCHISOR. TENANT shall have no right to pledge in any manner the Leased/Licensed Assets and LANDLORD shall have no rights to place any liens on or make any other claims to the Leased/Licensed Assets.

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to Lease Agreement to be executed the day and year first above written.

WITNESS:

\_\_\_\_\_

\_\_\_\_\_  
Landlord

\_\_\_\_\_

\_\_\_\_\_  
Tenant

Moran Industries, Inc.  
d/b/a Moran Family of Brands®

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

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

**EXHIBIT K**

**General Release**

The undersigned, for itself and on behalf of its representatives, attorneys, employees, agents, officers, directors, shareholders, successors, assigns, and owned, controlled and/or affiliated companies (collectively, the "Releasers"), as the case may be, does hereby, jointly and severally with all other Releasers, remise, release and forever discharge Moran Industries, Inc. d/b/a Moran Family of Brands®, its representatives, attorneys, employees, agents, officers, directors, shareholders, successors, assigns, and owned, controlled and/or affiliated companies (collectively, the "Released Parties"), as the case may be, of and from all manner of actions, cause and causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, controversies, liabilities, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands, costs and expenses (including attorneys' fees), whatsoever, in law or in equity, whether they are presently known or unknown or suspected or unsuspected, whether liquidated or unliquidated, fixed or contingent, developed or undeveloped, or direct or indirect, which the Releasers now have against any of the Released Parties, or which the Releasers, shall or may have, for, upon, or by reason of any matter, cause, or thing, whatsoever on or at any time prior to the date hereof.

The Releasers state that they have had an opportunity to seek advice from legal counsel and are executing this Release with full knowledge of its legal effect. The Releasers further state that they have read and understand that this is a General Release and that they intend to be jointly and severally and legally bound by the same.

Any breach by any one or more of the Releasers of this General Release shall be deemed to be and shall be a breach of contract for which any of the Released Parties shall have a cause of action for breach of contract and for which any of the Released Parties may pursue the available remedies for breach of contract, inclusive of but not limited to the recovery of damages, costs, and reasonable attorneys' fees.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Date

**EXHIBIT L**  
**STATE SPECIFIC ADDENDA**

**AMENDMENT TO MORAN INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Disclosure Document for Moran Industries, Inc, d/b/a Moran Family of Brands® shall be amended as follows:

- Illinois law governs the franchise agreement(s).
- In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

**AMENDMENT TO MORAN INDUSTRIES, INC.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

This Amendment is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in accordance with Section 46 ENTIRE AGREEMENT, of the attached Franchise Agreement between Moran Industries, Inc., d/b/a Moran Family of Brands® and \_\_\_\_\_. The following paragraph shall be inserted:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Moran Industries, Inc, d/b/a Moran Family of Brands® shall be amended as follows:
  - Section 43 is deleted in its entirety.
  - Illinois law governs the franchise agreement(s).
  - In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
  - Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
  
2. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

All paragraphs of the Franchise Agreement not specifically amended by this agreement shall remain unaltered and in full effect.

ATTEST:

Moran Industries, Inc.  
an Illinois corporation d/b/a Moran Family of Brands®

\_\_\_\_\_

\_\_\_\_\_  
Barbara Moran-Goodrich  
CEO

ATTEST:

\_\_\_\_\_

\_\_\_\_\_

**ADDENDUM TO MORAN INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Moran Industries, Inc. Franchise Disclosure Document.

Item 13

Moran will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this disclosure document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80.C.21 and Minn. Rule 2860.4400J prohibits Moran Industries, Inc. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the 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.

To the extent you are required to execute a general release in favor of Moran, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

**AMENDMENT TO MORAN INDUSTRIES, INC.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MINNESOTA ARE HEREBY AMENDED AS FOLLOWS:**

1. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring Franchisee to consent to liquidated damages.
2. Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.
3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.
4. Any reference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief, or any imputation that the Franchisee can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek."
5. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Minn. Rule 2860.4400J prohibits Franchisor from requiring a waiver of a jury trial.
7. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.4400D which prohibits Franchisor from requiring Franchisee to assent to a general release as a requirement to renew or extend the term of the Franchise Agreement.

The undersigned agree and acknowledge that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATTEST:

Moran Industries, Inc.  
an Illinois corporation d/b/a Moran Family of Brands®

\_\_\_\_\_

\_\_\_\_\_  
Barbara Moran-Goodrich  
CEO  
Date Signed: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Franchisee:  
\_\_\_\_\_  
Date Signed: \_\_\_\_\_

**EXHIBIT M**  
**LIST OF FRANCHISEES**  
**(As of December 31, 2020)**

## Colorado

Franchisee	Street	City, State	Phone
Kenneth Tucker/Steven Tucker	6328 E. County Line Place, Ste. 105	Highlands Ranch, CO 80126	(303) 794-3352

## Florida

### \*\*\*Alta Mere/SmartView

Franchisee	Street	City, State	Phone
Sebastian Pacheco and Mario Gonzalez	3810 W. Linebaugh Avenue	Tampa, FL33618	(813) 284-3355

### Turbo Tint

Franchisee	Street	City, State	Phone
Erich Overhardt	(Not Open Yet)	Delray Beach, FL	
Derek Huizinga	(Not Open Yet)	Orlando, FL	

## Kansas

### Alta Mere

Franchisee	Street	City, State	Phone
Shawn Lawrence/Andy Shimer	220 South Washington Street	Wichita, KS 67202	(316) 262-8468

## Maryland

### Alta Mere

Franchisee	Street	City, State	Phone
Albert and Serena Daniel	801 N. Main Street	Boonsboro, MD 21713	(301) 432-2701

## Oklahoma

### Alta Mere

Franchisee	Street	City, State	Phone
Bryan Graham	4717 S. Memorial Drive	Tulsa, OK 74145	(918) 665-8468

### Turbo Tint

Franchisee	Street	City, State	Phone
Greg Goodman	11700 S. Western Avenue	Oklahoma City, OK 73170	(405) 692-2600

## Tennessee

### **\*\*Alta Mere**

<b>Franchisee</b>	<b>Street</b>	<b>City, State</b>	<b>Phone</b>
Jeff Bolton	6066 New Nashville Highway	Murfreesboro, TN 37129	(615) 896-8400

## Texas

### **Alta Mere**

<b>Franchisee</b>	<b>Street</b>	<b>City, State</b>	<b>Phone</b>
Dan Palya	4302 Lemmon Avenue	Dallas, TX 75129	(214) 521-7477
Greg DeFever	5308 Slide Road, #'s A & B	Lubbock, TX 79414	(806) 795-6944
Sean Evans	4006 W. Plano Pkwy. Ste. 250	Plano, TX 75093	(972) 985-4625

### **Alta Mere**

<b>Franchisee</b>	<b>Street</b>	<b>City, State</b>	<b>Phone</b>
John and Jaime Blanton	3826 Market Street	Denton, TX 76209	(469) 346-6340

\*\*Tri-Branded Stores

\*\*\* Quad-Branded Stores

**EXHIBIT N**

**State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
Illinois	March 26, 2021
Indiana	April 24, 2021
Michigan	March 31, 2021
Virginia	April 26, 2021

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

**EXHIBIT O**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Moran Industries, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Moran Industries, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the Illinois Attorney General.

Please check the box next to the franchise seller(s) listed below who offered you a Moran franchise:

- |   |   |
|---|---|
| <input type="checkbox"/> Peter Baldine<br>11524 W. 183rd Place<br>Orland Park, Illinois 60445<br>(800) 377-9247 | <input type="checkbox"/> Ben Reist<br>11524 W. 183rd Place<br>Orland Park, Illinois 60467<br>(800) 377-9247 |
|---|---|

This issuance date of this disclosure document is March 22, 2021. I have received a disclosure document included the following Exhibits:

- A. List of State Administrators
- B. Agents for Service of Process
- C. Financial Statements
- D. Compliance Certification
- E. Franchise Agreement
- F. Guarantee and Assumption of Obligations
- G. Franchisee List of Officers and Directors
- H. Conversion Franchise Addendum
- I. ACH Authorization Agreement
- J. Lease Addendum
- K. General Release
- L. State Specific Addenda
- M. List of Franchisees
- N. State Effective Dates
- O. Receipt

Please print your name and telephone number and the date below, sign and return one copy of this receipt to Moran Industries, Inc., 11524 W. 183rd Place, Orland Park, Illinois 60467 and keep the other for your records.

Print Name \_\_\_\_\_

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

Signature \_\_\_\_\_

Telephone Number \_\_\_\_\_

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

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

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

Name of Company: \_\_\_\_\_

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Peter Baldine  
444411524 W. 183rd Place  
Orland Park, Illinois 60467  
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\_\_\_\_\_ Date: \_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Telephone Number

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Name of Company: \_\_\_\_\_