

## FRANCHISE DISCLOSURE DOCUMENT

### VICTORY LANE QUICK OIL CHANGE, INC.

a Michigan Corporation

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VICTORY LANE® businesses offer oil change, vehicle maintenance and related products and services we may designate or approve (“VICTORY LANE® Center Business(es) or VICTORY LANE® Center(s)”). We offer franchises for single VICTORY LANE® Center Businesses and multiple VICTORY LANE® Center Businesses under an area development agreement (“Area Development Program”) for the right to open multiple VICTORY LANE® Center Businesses. We also offer conversion opportunities to existing independent businesses that provide services and products similar to those offered by VICTORY LANE® Center Businesses.

The total investment necessary to begin operation of a single VICTORY LANE® Center franchised business is between ~~\$235240,000~~ and ~~\$694764,500~~. This includes between ~~\$7277,100~~ and ~~\$153123,500~~ that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a single VICTORY LANE® Center conversion business is between \$156,500 and \$345,000. This includes between \$27,600 and \$74,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of three VICTORY LANE® Center franchised businesses under our Area Development Program is between ~~\$678696,000~~ and ~~\$2,059269,500~~. This includes between ~~\$189207,300~~ and ~~\$436346,500~~ that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of four VICTORY LANE® Center franchised businesses under our Area Development Program is between ~~\$892,000916,500~~ and ~~\$2,7343,014,500~~. This includes between ~~\$240,400264,900~~ and ~~\$570450,500~~ that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of five VICTORY LANE® Center franchised businesses under our Area Development Program is between ~~\$1,406137,000~~ and ~~\$3,409759,500~~. This includes between ~~\$294322,500~~ and ~~\$704554,500~~ that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Justin Cialella, 45550 Helm St., Plymouth, Michigan 48170, (734) 667-4304 or [jcialella@victorylane.net](mailto:jcialella@victorylane.net).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the

Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 public library for other sources of information on franchising.

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

**ISSUANCE DATE: April 29, ~~2024~~30, 2025**

## How to Use This Franchise Disclosure Document

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

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 E.
<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 B 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 VICTORY LANE® Center 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 VICTORY LANE® Center franchisee?</b>	Item 20 or Exhibit E lists 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 mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21, Exhibit B) calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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 six (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 or 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.

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

To simplify the language in this Franchise Disclosure Document, “VL,” “Victory Lane,” “we,” “us” and “our” means Victory Lane Quick Oil Change, Inc., the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from Franchisor is Victory Lane Quick Oil Change, Inc.

The Franchisor

We are a Michigan corporation formed on September 23, 1980, and our principal business address is 45550 Helm St., Plymouth, Michigan 48170. We operate under the name “Victory Lane.” Our name was originally “Pit Stop Quick Oil Change, Inc.,” but we changed to our current name in July 1986. We offer franchises (“VICTORY LANE® Franchise(s)” or “Franchise(s)”) for VICTORY LANE® Centers and have done so since August 1986. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We operate businesses of the type described in this Franchise Disclosure Document and have done so since 1986.

Our Parent, Predecessors or Affiliates

In June 2014, we were purchased as an entity by an individual, Justin Cialella. Mr. Cialella has owned and owns VICTORY LANE® Centers through LMC Holdings, Inc. (“LMC”) and its affiliated entities in Michigan, Ohio, Kentucky, and Arizona, which operate pursuant to franchise agreements with us. LMC has not offered franchises in this or any other lines of business and does not provide products or services to franchisees. LMC has not engaged and does not engage in any other business activities.

Our affiliate is Victory Lane Performance Products, LLC, a Michigan limited liability company, formed on September 23, 2015 (“VLPP”). Its principal business address is 45550 Helm St., Plymouth, MI 48170. VLPP serves as a supplier of private label products to us and to VICTORY LANE® Centers, including parts and fluids for auto service. VLPP has not offered franchises in this or any other lines of business, and has not engaged and does not engage in any other business activities. We have no parent or predecessor.

Our agent for service of process in Michigan is ~~Rachel Doxsie, Doxsie Law Firm, 22530 26 Mile Road, Macomb, MI 48042.~~ Erica J. Sarver, Bodman Law, PLLC, 1901 Saint Antoine St., 6<sup>th</sup> Floor, Detroit, MI 48226. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We currently offer franchises for “VICTORY LANE® Oil Change Center(s)”, a business that offers quick oil change, vehicle maintenance and related products and services we approve, through our franchise program (“Franchise Program”). We previously offered two additional types of VICTORY LANE® Centers: “VICTORY LANE® Oil Change Plus Car Wash Centers,” a business which offers both oil change and car wash services, along with other related products and services; and “VICTORY LANE® Car Wash Centers”, a business that only offers car wash services and related products or services. We stopped offering VICTORY LANE® Oil Change Plus Car Wash Centers in June 2013 and VICTORY LANE® Car Wash Centers in 2012. We currently only offer Franchises for businesses operating



VICTORY LANE® Oil Change Centers, which we refer to in this Franchise Disclosure Document as “VICTORY LANE® Centers” or “Centers.” We are currently not offering car wash as a product line for new VICTORY LANE® Centers. We may offer any of the above types of VICTORY LANE® Centers in the future.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one VICTORY LANE® Center Business for each Franchise Agreement you sign. You may operate the VICTORY LANE® Center Business only at a specific location that first must be approved by us (“Site”).

VICTORY LANE® Centers use our system copyrights and marks, sell products, services and accessories we designate or approve (“Products and Services”), in a distinctive and innovative environment. VICTORY LANE® Centers operate under and using distinctive business formats, methods, procedures, designs, layouts, signs, product and service mix, standards, specifications, and system standards, all of which we may improve, further develop or otherwise modify from time to time (“System”).

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of VICTORY LANE® Centers, including the trade and service marks “VICTORY LANE QUICK OIL CHANGE®” (wordmark and design mark), and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of VICTORY LANE® Centers (the “Marks”).

We also use, promote and license in the operation of VICTORY LANE® Centers certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (the “Copyrighted Works”).

Each VICTORY LANE® Center Business operates from a specified location where it must provide only the Products and Services we designate or approve in accordance with our System and using our Marks and Copyrighted Works.

In certain circumstances, we will sell a Franchise to an individual or entity who owns an existing business which provides the same or similar products and services as a VICTORY LANE® Center Business that you convert to a VICTORY LANE® Center, or who locates a site for the VICTORY LANE Center where a similar business had previously operated (“Conversion Business”). Conversion Business owners must modify their business premises to our design plans and specifications, use our Marks, and complete our training. If the Franchise Agreement relates to a Conversion Business, you and we will execute an addendum to the Franchise Agreement acknowledging this and modifying the Franchise Agreement to accommodate for a Conversion Business.

### Area Development Program

We grant to certain persons who meet our qualifications and are willing to undertake the additional investment and effort the right to develop and operate multiple VICTORY LANE® Centers. Through the Area Development Program, we offer the exclusive right to own and operate between 2 to 5 VICTORY LANE® Centers (“Development Rights”) within a certain defined geographic area (“Development Area”). The Development Rights are offered only by the terms of our current Area Development Agreement (“Area Development Agreement”), a copy of which is attached to this Franchise Disclosure Document as Exhibit D. You sign the Franchise Agreement for each VICTORY LANE® Center Business under the Area



Development Agreement at the time you plan to develop each VICTORY LANE® Center. Area developers (“Area Developer(s)”) will sign a separate franchise agreement for each VICTORY LANE® Center on the then-current form used by us at the time, which may differ from our current Franchise Agreement included in this Franchise Disclosure Document. Under the Area Development Agreement, you must open a certain number of VICTORY LANE® Centers within the time periods indicated in a certain schedule we designate (“Development Schedule”). Area Developers must commit to open a minimum of three VICTORY LANE® Centers.

### Area Representative Program

We also granted to certain persons who met our qualifications and were willing to undertake the additional investment and effort the right to develop and operate multiple VICTORY LANE® Centers, and to solicit others to operate and provide services to others who would operate VICTORY LANE® Centers (“Area Representative Program”). Through the Area Representative Program, we offered the exclusive right to own and operate, solicit others to own and operate, and provide services we designated to our franchisees and VICTORY LANE® Centers (“Area Representative Rights”) within a certain defined geographic area (“Area Representative Area”). The Area Representative Rights are not offered under this Franchise Disclosure Document and we stopped offering the Area Representative Program in June 2014, but may offer it again at any time under a separate disclosure document. As of the Issuance Date of this Franchise Disclosure Document, we do not have any Area Representative franchises.

### Market and Competition

The market for the goods and services offered by VICTORY LANE® Centers is well established and very competitive. VICTORY LANE® Centers compete with national and regional chains and local businesses which offer similar products and services. Some of these competitors include automobile service centers of department stores, car dealerships, service centers automotive repair centers, and similar quick oil change centers. In addition, many customers can obtain the products offered at the VICTORY LANE® Centers from other sources and can perform the services themselves. Additional market development, including development by competitors, should be expected. The market for VICTORY LANE® Centers is primarily those with automobiles looking for a quick, convenient place for the washing of their automobiles and/or the checking and changing of oil and certain other fluids and filters in their automobile.

### Industry-Specific Laws

You must comply with all local, state and federal laws, including various environmental laws such as those that regulate the disposal or recycling of used automotive fluids such as oil and anti-freeze. Generally, you must comply with the Resource Conservation and Recovery Act of 1976, the Clean Water Act of 1977, the Clean Air Act, the Comprehensive Environmental Response Compensation and Liability Act, the Oil Pollution Act, the Occupational Safety and Health Act, the Toxic Substance Control Act, and similar federal, state, and local laws and regulations. If your VICTORY LANE® Center has floor openings in the service bays, you may be required to provide certain physical barriers or warning signs to prevent employee injury (such as a railing or cover). If oil is stored in underground or above ground tanks, you may be required to comply with certain regulations set forth by the United States Environmental Protection Agency (the “EPA”), including the EPA’s Spill Prevention, Control and Countermeasure regulations and registration of these tanks. The EPA also regulates waste oil, waste oil filters and fluid disposal. Approximately 30 states also currently have used oil requirements that are similar to the federal requirements. The type of regulation may depend on whether or not these liquids are recycled. Some states impose additional requirements on businesses that handle used oil filters, such as registration and demonstration of financial responsibility. You may also be required to seal off or eliminate any floor sumps



and drains in your VICTORY LANE® Center that come in contact with soil to prevent oils and other liquids from entering the environment.

You must comply with federal and state laws in labeling and advertising laws and regulations. Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a VICTORY LANE® Center, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; and (d) set standards and requirements for fire safety and general emergency preparedness. Some states and municipalities also may require separate training before permitting the business to open. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning retail business practices. You will also be required to comply with immigration and social security laws regarding the personnel you hire.

If you operate a VICTORY LANE® Center, you must comply with these federal laws and regulations and similar other federal laws and regulations, as well as similar state and local laws and regulations applicable to the storage, handling, and management of petroleum products, used oil, used anti-freeze, and other used vehicle fluids and related used vehicle parts. These laws and ordinances may include certain fees which relate to the operation of a quick lube service center.

There may also be state and local laws and regulations specific to your VICTORY LANE® Center, including motor vehicle repair shop acts which may require you to register or claim an exemption and otherwise comply with their terms. Some of the states that have requirements under this law include Alaska, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Michigan, Nevada, New Jersey, New York, Rhode Island, Utah, Washington and Wisconsin.

The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data. Franchisees must also be sure to comply with applicable federal and state laws regulating the privacy and security of sensitive consumer and employee information.

Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

## **ITEM 2 BUSINESS EXPERIENCE**

### Justin A. Cialella: President and Chief Operating Officer

Mr. Cialella has served as our President and Chief Executive Officer since July 2014 in Plymouth, Michigan. He has been a franchisee within the Victory Lane system since August 2009, and, through other entities owned by LMC Holdings, Inc., currently owns 20 VICTORY LANE® Centers stores located in Michigan, Ohio and Arizona.

### Lauren M. Cialella: Chief Operating Officer

Ms. Cialella has served as our Chief Operating Officer since July 2014 in Plymouth, Michigan. Ms. Cialella has also been the CFO for LMC Holdings, Inc. in Plymouth, Michigan since 2009, and became its



full-time Chief Operating Officer with responsibility for Administration, Finance and Marketing in April 2012.

James E. Harrington: Vice President, Franchise Operations

Mr. Harrington has been our Vice President of Franchise Operations since September 2014 in Plymouth, Michigan. He also worked for us from May 2008 to November 2010 in Franchise Operations in Ann Arbor, Michigan.

Matthew Globke: Accounting Manager

Mr. Globke has served as our Accounting Manager in Ann Arbor, Michigan since July 2014.

Jack Raymond: Corporate Store General Manager

Mr. Raymond has served as our Corporate Store General Manager since October 2018 in Plymouth, Michigan. ~~Prior to joining Victory Lane, he was employed by Valvoline Instant Oil Change from June 2012 until October 2018 as an Area Manager in Detroit, Michigan.~~

Elizabeth Taylor: Corporate Analyst

Ms. Taylor has served as our Corporate Analyst since May 2018 in Plymouth, Michigan. ~~Prior to joining Victory Lane, she was employed by Ford Motor Company from April 2017 to April 2018 as a Project Management Analyst in Dearborn, Michigan.~~

Terry Tackett: Franchise Support Manager

~~Mr. Tackett has served as our Franchise Support Manager since May 2021 in Plymouth, Michigan. Prior to that, Mr. Tackett was a Territory Sales Manager with Auto Zone in Sterling Heights, Michigan from May 2020 to May 2021. Mr. Tackett also worked for Victory Lane Quick Oil Change as a District Manager in Plymouth, Michigan from May 2018 to May 2020. Mr. Tackett also served as a Security Installation agent for Comcast Telecommunications in Plymouth, Michigan from May 2016 to May 2018.~~

Justin Feld: Franchise Support & Training

Mr. Feld has served in our Franchise Support & Training team since August 2021 in Plymouth, Michigan. Prior to that, Mr. Feld was a Store Manager for LMC Holdings, Inc. from March 2015 to August 2021 in Plymouth, Michigan.

Ralph Yarusso: Independent Consultant/Franchise Sales

Mr. Yarusso is an independent consultant who has been managing the franchise sales process for Victory Lane through Atticus Franchise Consulting located in Inlet Beach, Florida since May 2023. He has been the President of Atticus Franchise Consulting in Inlet Beach, Florida since May 2021. Mr. Yarusso was also the Chief Operating Officer at Mayweather Boxing and Fitness in Los Angeles, California from April 2022 to November 2022. Prior to that, Mr. Yarusso was the Chief Operating Officer/ Chief Development Officer at Grease Monkey International in Denver, Colorado from January 2013 to July 2021.

**ITEM 3  
LITIGATION**



## Concluded Actions

*Victory Lane Quick Oil Change, Inc. v. Richard F. Miller, Geraldine A. Miller and John Doe*, Case No. 1:16-cv-02252, in the United States District Court for the Northern District of Ohio, proceeding before the Honorable Patricia A. Gaughan. Defendants Richard (“R. Miller”) and Geraldine Miller (“G. Miller”) are the owners of a property on which our trademarks and trade dress (collectively, the “VL Trademarks and Trade Dress”) were being infringed by R. Miller, G. Miller and their son, Defendant David Miller (“D. Miller”), who were infringing on our VL Trademarks and Trade Dress at the quick oil change business located at R. Miller and G. Miller’s property. On February 22, 2017, we filed an amended complaint against the above-referenced defendants comprised of the following counts: infringement of federally registered service marks in violation of 15 U.S.C. § 1114(1) (Count I, against D. Miller and R. Miller); false designation of origin in violation of 15 U.S.C. § 1125(a) (Count II, against D. Miller and R. Miller); dilution by blurring in violation of 15 U.S.C. § 1125(c) (Count III, against D. Miller and R. Miller); deceptive trade practices in violation of ORC § 4165.02 (Count IV, against D. Miller and R. Miller); contributory infringement of federally registered service mark (Count V, against D. Miller and R. Miller); aiding and abetting (Count VI, against D. Miller and R. Miller); civil conspiracy (Count VII, against D. Miller and R. Miller); injunction (Count VIII, against all defendants); breach of contract (Count IX, against D. Miller); tortious interference with contractual relationship (Count X, against R. Miller); and unjust enrichment (Count XI, against all defendants). In connection with the above, we were seeking actual, consequential and compensatory damages in excess of \$150,000.00; statutory damages of \$2,000,000.00; and injunctive relief to enforce our intellectual property rights. A settlement agreement was entered into between the parties on June 13, 2017, under which R. Miller, G. Miller and D. Miller agreed to pay us a confidential amount and the Court entered a Stipulated Permanent Injunction on July 6, 2017 prohibiting R. Miller, G. Miller and D. Miller, along with their agents, representatives, servants, employees, and those who act in concert or participate with them, from using or displaying the VL Trademarks and Trade Dress. The case was dismissed with prejudice on July 13, 2017.

*Victory Lane Quick Oil Change, Inc. v. Brad A. Weaver and V.L. Mountain LLC*, Case No. 2:14-cv-13570-BAF-DRG, in the United States District Court for the Eastern District of Michigan, proceeding before the Honorable Bernard A. Friedman. On September 15, 2014, we filed a complaint against former Victory Lane franchisee Brad A. Weaver (“Weaver”) and V.L. Mountain, LLC, d/b/a Chattanooga Quick Lube (“V.L. Mountain”), comprised of the following counts: Count I, breach of contract (Weaver only); Count II, violation of the Lanham Act, 15 U.S.C. § 1051, et seq (Weaver and V.L. Mountain); Count III, federal trade dress infringement (Weaver and V.L. Mountain); Count IV, violation of the Michigan Uniform Arbitration Act, MCL 445.1901, et seq (Weaver and V.L. Mountain); and Count V, injunction (Weaver and V.L. Mountain). The above claims arise from Weaver’s violations of the non-compete and non-disclosure provisions of Weaver’s franchise agreement with us and Weaver and V.L. Mountain’s misuse and misappropriation of our trademarks, trade dress and trade secrets. In connection with the above, we sought damages in excess of \$75,000.00 and injunctive relief to enforce our rights under the subject franchise agreement. On October 29, 2014, Weaver and V.L. Mountain amended their responsive pleadings to include a counterclaim by Weaver against us, raising one count for breach of contract arising from alleged failure to train and assist Weaver pursuant to the subject franchise agreement. A settlement agreement was entered into between the parties on June 16, 2015 under which Weaver agreed to pay us \$185,000 and the case was dismissed with prejudice.

~~*Victory Lane Quick Oil Change, Inc. v. Gary N. Michalak and Colleen M. Michalak*, Case No. 13-C-0729-GC, in the 35th District Court of Michigan, before the Honorable Michael J. Gerou. Defendant Gary N. Michalak is a former Victory Lane Franchisee. The above matter arose from the Defendants’ wrongful retention and misappropriation of approximately \$5,000.00 belonging to us, which funds were inadvertently deposited into an account controlled by Gary Michalak. This matter was sent to case evaluation on May 20, 2014, and the case evaluation tribunal awarded \$5,500.00 to us against Defendants.~~



The above award was accepted by both parties, Defendants timely paid the accepted award, and this matter was dismissed with prejudice on July 11, 2014.

Pending Actions (Inactive)

~~*John Broadus, Eugene Louis and Brad Haniff v. Victory Lane Quick Oil Change*, Case No. 05-980-CD, in the Washtenaw County, Michigan, Circuit Court, and before Honorable Donald E. Shelton. On September 13, 2005, the Plaintiffs, John Broadus, Eugene Louis and Brad Haniff, (four employees), filed a complaint against us alleging race discrimination, national origin discrimination, retaliation, race harassment and national origin harassment. This case was dismissed on October 13, 2006. The case was reinstated on November 21, 2007. This case has been inactive since March 3, 2009.~~

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

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

Initial Franchise Fee

You must pay an initial franchise fee when you sign the Franchise Agreement (“Initial Franchise Fee”). Our standard Initial Franchise Fee is \$49,500 for each VICTORY LANE® Center. It is uniform, fully earned, and non-refundable upon payment.

We currently offer a reduced Initial Franchise Fee under the following circumstances:

- 1) If you are a Conversion Business owner, we offer a reduced Initial Franchise Fee of \$25,000 for your first location you are converting to a Victory Lane Center, and \$15,000 for each additional existing location you convert to a Victory Lane Center.
- 2) We offer a reduced fee program for Veterans and First Responders. Under this program, if you are an honorably discharged U.S. veteran or their spouse, you can qualify for a reduced Initial Franchise Fee of \$39,500 for a single Victory Lane Center. For Area Development Agreements, the Initial Franchise Fee will be \$39,500 for the first location, and \$35,000 for the second location, and \$30,000 for the third and each additional location under the Area Development Agreement.

Store Opening Assistance and Construction Management Fee

In addition to the Initial Franchise Fee, you must pay us a “Store Opening Assistance and Construction Management Fee” which offsets our costs in supporting your efforts to find, develop and open your VICTORY LANE® Center. We may require that you utilize us as the provider of the construction project management services (“CPMS”). This amount can vary depending on the services and training your site requires, and we estimate it will be between \$4015,000 and \$6030,000. You will pay the Store Opening Assistance and Construction Management Fee before opening your Victory Lane Center. It is uniform (except that we may waive all or part of the fee for Conversion Businesses, in our sole discretion), fully earned upon receipt, and non-refundable. We may require you to pay the Opening Assistance and Construction Management Fee in multiple installments. If so, we may require that you pay the first



installment when you enter into the Franchise Agreement and/or lease for your Victory Lane Center. Additional installments will be due after services are provided to you and vary based on the type of services provided.

### Site Selection Fees

We provide one site selection trip of up to three days to review proposed Sites at no charge (“Site Selection Trip”). If an additional Site Selection Trip is requested or necessary, you must pay us or our designee the site selection fee of \$1,000 (“Site Selection Fee”) per additional trip, plus our travel expenses. We estimate that you may be required to reimburse us for up to \$4,000 in travel expenses. This fee also applies to Site relocations. This fee is due upon receipt of invoice and is uniform and non-refundable.

### Computer System

You must buy and install the computer hardware, software, printers, and communications equipment and services we designate or approve (the “Computer System”) from us before opening your VICTORY LANE® Center if you do not already have the required items. We estimate the Computer System will cost between \$10,000 and \$20,000. This amount is due upon receipt of invoice and is non-refundable, unless certain items can be returned in their original, unused conditions or if an issue with the items or equipment is covered under warranty.

### Initial Inventory and Supplies

You will need to purchase inventory and supplies which consist of oil, filters, chemicals, small tools, general office supplies, uniforms and cleaning products necessary to perform the service menu offerings and other items to operate your VICTORY LANE® Center from us, our affiliate, VLPP, or third parties. We estimate this expense will be between \$15,000 and \$35,000. If you purchase these items from us, we estimate the amount you purchase from us will be between \$1,000 and \$3,000. You must purchase the inventory and supplies before opening your VICTORY LANE® Center and these items are non-refundable, unless certain items can be returned in their original, unused conditions or if an issue with the items or equipment is covered under warranty.

### Grand Opening Event and Marketing Promotional Items

You will also purchase certain grand opening services and items from us, which we estimate will cost between \$100 and \$1,000. You must purchase the inventory and supplies before opening your VICTORY LANE® Center and these items are non-refundable, unless certain items can be returned in their original, unused conditions or if an issue with the items or equipment is covered under warranty.

### Training Expenses- Initial Training and Opening Team

We anticipate traveling to your Site for training up to two times for initial training and for opening training. You must pay for the travel, food and lodging for our representatives in connection with these training sessions, which in most cases will be arranged and paid for by us and reimbursed by you. These fees are paid upon receipt of invoice and are non-refundable. We estimate these expenses will range between \$1,500 and \$15,000. If you are opening a second or subsequent VICTORY LANE® Center, you have the option to waive all or part of this training, provided your existing location(s) are in compliance with all Victory Lane system standards and operational procedures. Item 11 has more information on the training we will provide.



### Area Development Program

Your Initial Franchise Fees under the Area Development Program range from \$124,500 to \$209,500 based on the number of unit franchises to be developed under your Development Schedule. If you participate in the Area Development Program, when you sign the Area Development Agreement, you must sign the Franchise Agreement for the first VICTORY LANE® Center Business under the Area Development Agreement, and pay us the Initial Franchise Fee for each VICTORY LANE® Centers under the Area Development Agreement. These Initial Franchise Fee are non-refundable when paid. Under the Area Development Program, we reduce the Initial Franchise Fee to \$40,000 for the second VICTORY LANE® Center, \$35,000 for the third VICTORY LANE® Center, and \$30,000 for the fourth and fifth VICTORY LANE® Centers. For single VICTORY LANE® Centers and your first VICTORY LANE® Center Business under the Area Development Program, the Initial Franchise Fee is due upon signing the Franchise Agreement for that VICTORY LANE® Center Business in lump sum. It is uniform, fully earned, and non-refundable upon payment. Area Developers must commit to open a minimum of three VICTORY LANE® Centers.

For three to five VICTORY LANE® Centers, the Initial Franchise Fees are as follows:

# of Centers	Total Initial Franchise Fees*
3	\$124,500
4	\$154,500
5	\$184,500

Under the Area Development Agreement, you are required to pay the Store Opening Assistance and Construction Management Fee for each VICTORY LANE® Center Business you plan to develop, before opening.

During our fiscal year ending December 31, ~~2024~~2023, we collected Initial Franchise Fees of ~~\$49~~ ranging from ~~\$39,500~~ to \$110,500. The lowest figures represented a single franchise sale under our first responder program, and the highest was an Area Development Agreement for three Centers under our first responder program.

### Financial Assurances

Some states have imposed a financial assurance. Please refer to the State Addendum in Exhibit F to the Franchise Disclosure Document.



**ITEM 6  
OTHER FEES**

**VICTORY LANE® Centers Franchise Program**

Type of Fee <sup>(1)</sup>	Amount <sup>(5)</sup>	Due Date <sup>(6)</sup>	Remarks
Royalty Fees <sup>(2)(3)</sup>	The greater of 6% of weekly " <u>Gross Sales</u> " or <u>\$250500</u> per week	By Wednesday of each week for the preceding week by Electronic Funds Transfer (" <u>EFT</u> ")	Your royalty fee is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance. See Notes 2 and 3.
System Development Fee	Up to 3% of weekly Gross Sales. Currently, 2% of weekly Gross Sales	Same as Royalty Fee	Deposited in the system development fund controlled by us. 1% may be reimbursed upon submission of receipts for local and regional advertising if we decide to implement such a program.
Marketing Program Fees	Varies, typically between \$750 and \$1,000	Monthly	You may choose to utilize marketing services such as <del>RoboRetail</del> , Cinch or Throttle. If you choose to participate, we will collect this fee and remit it to the applicable third parties.
Local Advertising	Varies; we recommend, but do not require, you to spend 5% of Gross Sales	As incurred	You must submit an initial and annual Center advertising plan for local advertising you plan to conduct (" <u>Center Advertising</u> "). We will review and approve your plan. <u>In addition to your recommended Center Advertising expenditure, we will maintain a Google My Business and/or other online listing(s) for your VICTORY LANE® Center through our marketing services and support team at no charge, however, we reserve the right to charge you pass through costs for these services.</u>
Local and Regional Cooperatives <sup>(4)</sup>	Up to 2% Gross Sales (not currently charged)	Established by cooperative members	When there are two or more VICTORY LANE® Centers in your designated marketing area (" <u>Marketing Area</u> "), we may form an advertising cooperative. Center Advertising fees may be applied to satisfy your minimum local Center Advertising expenditure suggestion. Item 11 contains more information about advertising cooperatives. All marketing efforts by a Cooperative must be approved by us to maintain brand consistency and integrity.



Type of Fee <sup>(1)</sup>	Amount <sup>(5)</sup>	Due Date <sup>(6)</sup>	Remarks
Audit Fees	Cost of audit and inspection, any understated amounts due, and any related accounting or legal expenses	Within five days after receipt of invoice	Payable only if an audit shows that you understated your revenues by more than 2% in any month or year. These costs may vary greatly depending upon the particular circumstances of the audit.
Transfer Fee	25% of our then-current Initial Franchise Fee	On or before the date of transfer	You must obtain our approval for a transfer. The transfer fee includes training of the assignee. The transfer fee does not apply if (a) upon your death or disability, the Franchise Agreement is assigned to your beneficiary; (b) you assign the agreement to an entity wholly-owned by you; or (c) the Franchise Agreement is assigned to a new entity owned by the same owners as the original entity.
Collection Costs	Amount incurred by Victory Lane to collect unpaid fees	On demand	Includes attorney fees and costs. These costs may vary greatly depending upon the particular circumstances of the collection action.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to us.
Late Payment Fees	\$50 per delinquent payment	Within 10 days after payment due	Applies to past due payments payable to us.
Non-Compliance Service Charge	\$1,000 per event of non-compliance, depending on the type of non-compliance	As incurred	We have the right to impose this charge, in addition to our other rights and remedies, if you are not in compliance with your Franchise Agreement or our standard and specifications to reimburse us for time devoted by our in-house staff to deal with the issue.

Type of Fee <sup>(1)</sup>	Amount <sup>(5)</sup>	Due Date <sup>(6)</sup>	Remarks
Additional Training/On-Site Training or Assistance Fees	Varies; our then-current daily fee, not to exceed \$500 per day per trainer, plus all costs and expenses	On demand after training is completed	Other than the opening team training expenses described in Item 5, we provide initial training at no charge for you (or your business manager, if you are an entity) and staff training for up to three people. We charge this fee if we require or you request, and we agree to provide, additional on-site training or opening team training or if we provide additional opening team members. It is also charged if you hire a new business manager who is trained at the VICTORY LANE® Center, if we determine that additional training at the VICTORY LANE® Center is required, or if at opening more days of opening assistance is necessary than is described in Item 11.
Victory Lane University	\$2.00 per user per month	As incurred	Online training through our Victory Lane University (“VLU”) is available for all employees. You assume responsibility for upkeep of any employee roster and rank inside of VLU.
Relocation Fee	\$5,000	When you receive approval from us to relocate to a new location	Payable only if you request and receive approval from us to relocate the VICTORY LANE® Center.
Renewal/Successor Franchise Fee	25% of our then-current Initial Franchise Fee	On signing a successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 25% of the Initial Franchise Fee listed in the most recent Franchise Disclosure Document.  Ownership change: if the proposed transfer is among your owners, the transferee is required to reimburse us for any administrative costs and legal fees we incur in connection with the transfer.
Professional Fees, Attorney Fees and Expenses	Will vary under circumstances	As incurred	Payable if your default under any agreement with us, or if other negotiations, disputes or System Standard violations result in our incurring legal fees and costs.



Type of Fee <sup>(1)</sup>	Amount <sup>(5)</sup>	Due Date <sup>(6)</sup>	Remarks
Insurance	Reimbursement of our costs, plus 20% administration charge	As incurred	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance plus 20% of the premium as an administrative cost of obtaining the insurance. You must also list us, our affiliates and others as additional insured under your policy.
Indemnification	Our actual costs; will vary according to loss	On demand	You must indemnify and reimburse us for any expenses or losses, including professional fees, that we or our representatives incur related in any way to your VICTORY LANE® Center.
Business Management Fee	Varies; the greater of up to 10% of your Gross Sales or \$5,000 per month, plus reimbursement of all of our expenses	Same as Royalty	This only applies if we operate/manage your VICTORY LANE® Center Business if you fail to cure breaches or become disabled or deceased.
Annual Franchise Meeting Fee	Then-current registration fee; currently \$500 (plus all travel, lodging and living expenses)	Before attending national convention	You or your business manager must attend the national conventions held by us. <u>We also reserve the right to restrict franchisees from attending based on past performance, previous defaults and other factors in our sole discretion.</u>
Annual Meeting Non-Attendance Fee	Twice the then-current Annual Franchise Meeting Fee	Within 10 days of invoice	Payable if you fail to attend the required national convention(s) of Victory Lane.
Review of Unapproved Supplier	You must reimburse us for the expenses we incur inspecting an unapproved supplier, estimated to range from \$300 to \$5,000, plus all travel, living and lodging costs, if incurred	Within five days after you receive an invoice from us	Payable if we inspect a new product, service or proposed supplier nominated by you.
Software and POS License Fees	Varies; range averages between \$250 and \$500 per month	As incurred	Paid to designated third-party software licensors like LubeSoft and Microsoft. We collect this on behalf of LubeSoft for required POS support, and Microsoft for required email and website security. Costs for some licenses vary on a per user basis.



Type of Fee <sup>(1)</sup>	Amount <sup>(5)</sup>	Due Date <sup>(6)</sup>	Remarks
Customer Issue Resolution	Actual costs Incurred for addressing a Customer Complaint on your behalf, plus a 10% fee for administration	On demand	Payable if a customer of your VICTORY LANE® Center Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via EFT or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H) for direct debits from your business bank operating account. We have the right to periodically specify (in the Brand Standards Manuals or otherwise in writing) different payees and/or payment methods such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card, and payment by check. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year. If you enter into an Area Development Agreement to operate multiple VICTORY LANE® Centers, the fees indicated in the chart above are the fees charged and/or incurred for each VICTORY LANE® Center. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Royalty Fees. Your “Royalty Fee” will be the greater of 6% of your VICTORY LANE® Center’s weekly Gross Sales (defined below) or \$250500 per week (“Minimum Royalty”). The Royalty Fee is payable beginning the week following the week you open your VICTORY LANE® Center Business and will be 6% of Gross Sales through the first 26 weeks of operation. Beginning with the 27th week of operation, you must pay the greater of 6% of gross sales or the \$250500 Minimum Royalty. The deferred payment of the Minimum Royalty until the 27th week of operation will not apply if your Center is a transferred outlet or a conversion.

3. Gross Sales. “Gross Sales” means the total of all ~~revenues~~, of your revenue, sales, and other income and consideration from the sale of all merchandise, products and services to customers whether or not sold or performed at or from the business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. Gross Sales excludes the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. Gross Sales also excludes the amount of any documented refunds, chargebacks, credits, charged tips and allowances given



in good faith to customers. We reserve the right to institute policies in the Franchise Operations Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Sales of any pre-paid goods or services (including, without limitation, gift cards and gift certificates) and their delivery and redemption.

4. Local and Regional Cooperatives. Currently, there are no advertising or purchasing cooperatives which you must join. If an LAA is established, you will be required to contribute to it an amount determined by that LAA up to 2% of your Gross Sales per calendar year. Our or our affiliates' outlets, if any, will participate on an equal basis, and will contribute on an equal basis. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic statements, will be operated by the cooperative or a hired advertising agency. We have the right to require the cooperative to be formed, changed or dissolved. The rules of the cooperative chosen by its members will determine if fees will be imposed by the cooperative. We will permit you access to the payment and expenditure records of any cooperative to which you contribute. Each VICTORY LANE® Center in the Marketing Area, including our or our affiliates', will have one vote for all matters to be voted upon at duly convened meetings.

5. Amounts. All fixed dollar amounts may be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor. Each adjustment will be made effective as of January 1 based on the January Index but the first adjustment will not be made until the second January following the date of the Franchise Agreement.

6. Due Date. We will designate the day of the week ("Payment Day") the payments are due. Currently, the Payment Day is each Wednesday. If the Payment Day falls on a national holiday, the payment is due on the first weekday following the Payment Day. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or in written form, as we direct, your VICTORY LANE® Center's true and correct Gross Sales for the immediately preceding month. You will make the funds available in the account for withdrawal by electronic transfer no later than the Payment Day.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Table A. Single Franchise

Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee	\$49,500	\$49,500	Lump Sum	Upon signing the Franchise Agreement	Us
Store Opening Assistance and Construction Management Fee <sup>(2)</sup>	\$4015,000	\$6030,000	Lump Sum or Installments	Before Opening, As agreed	Us
Leasehold Improvements and Lease Payments <sup>(3)</sup> (assumes land/building leased and not purchased)	\$50,000	\$200250,000	As Incurred	Before Opening	Third Parties
Architectural and Engineering Fees <sup>(4)</sup>	\$0	\$50100,000	As Incurred	Before Opening	Third Parties

Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Training – Travel, Lodging and Expenses <sup>(5)</sup>	\$2,500	\$10,000	As Incurred	Before and During Training	Employees, Airlines, Hotels, Restaurants and other Businesses
Opening Team Expenses <sup>(6)</sup>	\$1,500	\$15,000	As Incurred	As Incurred	Us
Furniture, Fixtures and Equipment <sup>(7)</sup>	\$0	\$75,000	As Incurred	As Incurred	Third Parties
Computer System <sup>(8)</sup>	\$10,000	\$20,000	Lump Sum	Before Opening	Us
Initial Inventory and Supplies <sup>(9)</sup>	\$15,000	\$35,000	Lump Sum	Before Opening	Us, our affiliate, or Third Parties
Grand Opening Event & Marketing <sup>(10)</sup>	\$15,000	\$25,000	As Incurred	Before Opening	Us and Third Parties
Site Selection Fee <sup>(11)</sup>	\$0	\$5,000	Assessed if any additional Site Selection Trip is required	Prior to Site Selection Trip; Costs and Expenses as Incurred	Us
Additional Funds – 3 Months <sup>(12)</sup>	\$81,500	\$150,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>(13)</sup></b>	<b>\$235,240,000</b>	<b>\$694,764,500</b>			

Table B. Conversion

Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee	\$25,000	\$25,000	Lump Sum	Upon signing the Franchise Agreement	Us
Store Opening Assistance and Construction Management Fee <sup>(2)</sup>	\$0	\$10,000	Lump Sum or Installments	Before Opening, As Agreed	Us or affiliate
Leasehold Improvements and Lease Payments <sup>(3)</sup> (assumes land/building leased and not purchased)	\$30,000	\$50,000	As Incurred	Before Opening	Third Parties
Initial Training – Travel, Lodging and Expenses <sup>(5)</sup>	\$2,500	\$10,000	As Incurred	Before and During Training	Employees, Airlines, Hotels, Restaurants and other Businesses



Opening Team Expenses <sup>(6)</sup>	\$1,500	\$15,000	As Incurred	As Incurred	Us
Furniture, Fixtures and Equipment <sup>(7)</sup>	\$0	\$5,000	As Incurred	As Incurred	Third Parties
Computer System <sup>(8)</sup>	\$0	\$20,000	Lump Sum	Before Opening	Us
Initial Inventory and Supplies <sup>(9)</sup>	\$1,000	\$35,000	Lump Sum	Before Opening	Us, affiliate or Third Parties
Grand Opening Event & Marketing <sup>(10)</sup>	\$15,000	\$25,000	As Incurred	Before Opening	Us and Third Parties
Additional Funds – 3 Months <sup>(12)</sup>	\$81,500	\$150,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT FOR CONVERSION BUSINESS<sup>(13)</sup></b>	<b>\$156,500</b>	<b>\$345,000</b>			

Table C. Area Development

Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fees due under the Area Development Program (3 to 5-unit Development Schedule) <sup>(14)</sup>	3 units - \$124,500 4 units - \$154,500 5 units - \$184,500	3 units - \$124,500 4 units - \$154,500 5 units - \$184,500	Lump Sum	Upon signing Area Development Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (EXCLUDING INITIAL FRANCHISE FEE) <sup>(15)</sup>	\$185,190,500	\$645,715,000	As disclosed in table above	As disclosed in table above	As disclosed in table above
TOTAL ESTIMATED INITIAL INVESTMENT FOR 3 UNITS UNDER THE AREA DEVELOPMENT PROGRAM <sup>(16)</sup>	\$678,696,000	\$2,059,269,500			
TOTAL ESTIMATED INITIAL INVESTMENT FOR 4 UNITS UNDER THE AREA DEVELOPMENT PROGRAM <sup>(16)</sup>	\$892,000,916,500	\$2,734,000,3014,500			



Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT FOR 5 UNITS UNDER THE AREA DEVELOPMENT PROGRAM <sup>(16)</sup>	\$1,406,137,000	\$3,409,759,500			

Notes:

1. Amount. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your VICTORY LANE® Center Business. The low estimate of Table A assumes you will be able to locate an existing automotive repair center to lease. The low estimate of Table B assumes that the proposed location of your existing business meets our standards and specifications.

The high and low ranges of the estimate in Table A are for a single VICTORY LANE® Center Business that is not a Conversion Business. The low range assumes you acquire a location that was previously operated as an automotive repair center. The high range assumes you retrofit a three-bay leased location using our current brand standards. Table B assumes that you have a Conversion Business, which is already in the quick lube business, in which case you may not need to incur all the expenses of a start-up VICTORY LANE® Center Business.

We do not offer direct or indirect financing for these items. For the estimated range of costs, we relied on our experience in the quick oil change business. The factors on which our estimates are based may depend on several variables, and the actual investment you make in developing and opening your Victory Lane franchise may be greater or less than the estimates provided. These factors may include the location of your Center and current relevant market conditions. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

2. Store Opening Assistance and Construction Management Fee. This fee offsets our costs in supporting your efforts to find, develop, and open the franchise, including, but not limited to coordinating inventory and store set for opening, inspection, review of construction or retrofit for compliance with brand standards, our coordination with local and national vendors and the like. The Store Opening Assistance and Construction Management Fee can vary depending on the needs of your project. We may require that you use a construction project management service (“CPMS”) supplier approved by us, or we may require that you utilize us as the provider of CPMS services for all or part of your Victory Lane Center's store construction or retrofit. We estimate these fees to range between \$1015,000 and \$6030,000, depending on your project needs. If you choose to use a third-party construction project management provider, you will pay these fees directly to them. If Victory Lane manages your construction, you will pay those fees to us, on an invoiced schedule that will be determined when your project is outlined.

3. Leasehold Improvements and Lease Payments. VICTORY LANE® Centers are generally located in free-standing buildings and require from 1,800 square feet to 3,000 square feet of floor space. Franchisees commonly choose to secure a triple net lease (“NNN”) on an existing automotive building, which means that you will pay all the expenses of the property, including real estate taxes, building insurance and maintenance. The rental rate will generally be between \$25 and \$47 per square foot, including tenant improvements included in rent. The amount indicated also includes three months’



advanced rental payment, security deposit and prepaid expenses. The low end assumes you are leasing a space and the landlord has incorporated improvements into rent and has deferred rent payments during the initial investment period. We anticipate that, based on your negotiations with the landlord, a significant portion of leasehold improvements could be included in a tenant improvements allowance included in the rent (“TI”). The high range of this estimate assumes a large amount of improvements are not included in the rent that is due during the initial investment period. Rent rates including TI will vary based on market conditions. The high and low ranges assume you lease the building and do not purchase land and construct the building. If you choose to purchase the land and building for your VICTORY LANE® Center, your initial costs likely will be significantly higher than if you choose to lease the premises and will be higher than the estimated initial investment in this Item 7. In addition, you may be required to landscape or make other improvements to your Site. The cost to purchase land on which to construct a VICTORY LANE® Center may vary widely depending upon the location of the land, the demand for the site, the zoning, the assessed value of the parcel, the attributes of the parcel and related area, such as accessibility and traffic flow, and the general economic conditions. The estimated cost to purchase and construct a new Victory Lane Center ranges from approximately \$450,000 to \$1,400,000 for the land and building. These estimates are based primarily upon Victory Lane’s experience in the states where VICTORY LANE® Centers are currently located; depending upon your area, your costs may vary.

4. Architectural and Engineering Fees. You will need to have an architect and engineer to build or remodel the Site for your VICTORY LANE® Center, unless you lease a space already suited for a VICTORY LANE® Center. If we or our affiliate is not the provider of the CPMS contemplated under the Store Opening Assistance and Construction Management Fee, you will instead pay these applicable fees to the architecture firm, engineering firm, or other CPMS provider.

5. Initial Training – Travel, Lodging and Expenses. You must pay for the salaries, benefits, travel expenses and other expenses while you and your business manager or other designated employees attend the training program. If you are opening a second or subsequent VICTORY LANE® Center, you have the option to waive all or part of the Initial Team training, provided your existing location(s) are in compliance with all Victory Lane system standards and operational procedures. Item 11 has more information on the opening team training.

6. Opening Team Expenses. You must pay the travel and lodging of our representatives for the training we provide at your Site or other location we specify, which in most cases will be booked by us and you will reimburse us. Item 11 has more information on the opening team training.

7. Furniture, Fixtures and Equipment. Your furniture, fixtures, equipment and signs may be financed through a bank or other financial institution, leased or purchased outright. These range depending on market conditions. The low range assumes most of this expense is included in the TI allowance as well as under financing you obtain for these items.

8. Computer System. The Computer System ranges from \$10,000 to \$20,000. The low range assumes you are a converting an existing business and already have hardware and software that we approve. We may require that we, and not a third party, do the installation. See Note 2.

9. Initial Inventory and Supplies. You will need to purchase inventory and supplies which consist of oil, filters, chemicals, small tools, general office supplies, uniforms and cleaning products necessary to perform the service menu offerings and other items to operate your VICTORY LANE® Center. If you purchase some of these items from us or our affiliate, we estimate the amount paid to us will be between \$1,000 and \$3,000.



10. Grand Opening Event and Marketing. You should plan to spend a minimum of \$15,000 for a grand opening event for your VICTORY LANE® Center. This should include pre-marketing of your event, outreach into your community and a ribbon cutting event. These costs are also estimated to include marketing costs for a minimum of 30 days after your grand opening. Your grand opening plan must be approved by us. We may provide some of the grand opening services to you, for which you will pay us or our approved supplier as expenses are incurred. We estimate the services and items that you purchase from us will cost approximately \$100 to \$1,000.

11. Site Selection Fee. We provide one Site Selection Trip of up to three days to review proposed sites at no charge. If an additional Site Selection Trip is requested or necessary, you must pay us or our designee the Site Selection Fee of \$1,000 per additional trip, plus travel expenses. The high estimate assumes one additional Site Selection Fee and \$4,000 in travel expenses. See Item 5.

12. Additional Funds – 3 Months. During the first three months of operations, you will need additional funds to cover your expenditures for supplies, Center Advertising, utilities, and other miscellaneous operating costs. Miscellaneous fees include such items as security, utility and license deposits, and miscellaneous professional services such as attorneys and accountants. You should check with the local agency that issues building permits to determine what licenses and fees might be required for the specific site for your VICTORY LANE® Center. This estimate includes the minimum of \$15,000 you must spend on grand opening advertising for your VICTORY LANE® Center Business and the high estimate assumes you spend \$25,000 on grand opening advertising. You will need to hire employees and pay salaries to staff of the VICTORY LANE® Center. This assumes four to six employees are initially hired and the total salaries for these employees for three months is between \$15,000 and \$20,000. You must obtain and maintain, at your own expense, the higher of the insurance coverage we require or the minimum state requirements for operation, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of a VICTORY LANE® Center, your rates may be significantly higher than the \$1,000 to \$1,500 estimations. This estimate also includes your dues for the Automotive Oil Change Association and your attendance at its training programs we may designate. This estimate also includes any application fees, origination fees and loan payments under financing documents due during the initial investment period. This estimate has not been offset by any allowance for your operating revenues during this three-month period. Your working capital requirements may increase or decrease depending upon your geographic area, operating revenues and other economic factors. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for VICTORY LANE® Center Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your VICTORY LANE® Center Business may be greater or less than the estimates given, depending upon the location of your VICTORY LANE® Center and current relevant market conditions.

13. Total Estimated Initial Investment. These figures are estimates only. This estimate does not include the salaries for you or your business manager during training. We do not finance your initial investment costs.

14. Initial Franchise Fees Due Under the Area Development Program. Your Initial Franchise Fees under the Area Development Program are based on the number of unit Franchises you agree to develop. If you participate in the Area Development Program, when you sign the Area Development Agreement, you must sign the Franchise Agreement for the first VICTORY LANE® Center Business under the Area Development Agreement and pay us the Initial Franchise Fees for each of the VICTORY LANE® Centers under the Area Development Agreement. Under the Area Development Agreement, we reduce the Initial Franchise Fee for the second and each subsequent Center to \$40,000 from \$49,500 from the first VICTORY LANE® Center. The total Initial Franchise Fees are \$89,500 for two units, \$129,500 for three units,

\$169,500 for four units and \$209,500 for five units. Area Developers must commit to open a minimum of three VICTORY LANE® Centers.

15. Total Estimated Initial Investment Under the Unit Franchise Program. These are the estimates to start your first VICTORY LANE® Center Business as described in Table A above for a single unit, excluding the Initial Franchise Fee. Costs associated with opening additional VICTORY LANE® Centers are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs and will depend on when the additional VICTORY LANE® Centers are opened.

16. Total Estimated Initial Investment For Three to Five Units Under the Unit Franchise Program. This is an estimate of your initial start-up expenses for multiple VICTORY LANE® Centers under the Area Development Program which depends on the number of units you choose to develop.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Standards and Specifications

You must develop and operate your VICTORY LANE® Center Business according to our system standards (“System Standards”). Our System Standards may regulate all of the purchases or expenditures made by your VICTORY LANE® Center. Our System Standards regulate the Products and Services and, among other things, required, authorized, unauthorized and prohibited fixtures, furnishings, equipment, signs, marketing materials, inventory, and accessories to be used in establishing and operating the VICTORY LANE® Center, as well as the designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We will communicate our standards and specifications to you at training and at other times before you open, and through one or more manuals (which may consist of written or electronic documents, bulletins, or other documents) (“Operation Manual(s)”), which include periodic bulletins. Our confidential operations manual and brand profile manual (collectively, “Franchise Operations Manuals”) states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your

### Purchases from Approved Suppliers

Other than the Computer System, CPMS, opening support services, site selection services, grand opening promotional items, and inventory items, purchased from us, and private label products, including parts and fluids for auto service purchased from VLPP, you do not currently have to purchase any goods or services from us or our affiliates to establish and operate your VICTORY LANE® Center Business. Some of our officers own an interest in us and VLPP. There are no other suppliers in which any of our officers owns an interest. VLPP is currently an approved supplier for all parts and fluids for auto service; however, VLPP is not the only approved supplier for these parts and fluids. We are currently the only approved suppliers of the Computer System, site selection services, grand opening promotional items, and opening support services.

In order to maintain the quality of the goods and services sold by VICTORY LANE® Centers and the reputation of the franchise network, to the extent we designate, you are obligated to purchase or lease fixtures, equipment and supplies, furnishings, and installation products as well as all inventory, supplies and other goods, services or equipment used to operate your VICTORY LANE® Centers and related items that meet our minimum standards and specifications and which are from suppliers we approve (“Approved Suppliers”). We will notify you in our Brand Standards Manuals or other communications of our standards and specifications with respect to Approved Suppliers, including situations in which we may revoke approval.



The majority of equipment, inventory, supplies and services you purchase for your VICTORY LANE® Center Business must be purchased from suppliers we designate or approve and according to our System Standards, and these suppliers may include us. We or our affiliate may negotiate contracts with equipment, services inventory and installation products and services suppliers who serve as designated or Approved Suppliers to VICTORY LANE® Centers. We may require you to purchase from us or our affiliates all of the goods and services we require you to use, and we or our affiliates may purchase such items from others and require you to purchase them from us. We and our affiliates may earn monies on these sales. We do not currently derive any revenue from your purchases from Approved Suppliers other than from us or our affiliates, but we may in the future. See “Rebates” below. Currently, each franchisee must join the Automotive Oil Change Association and attend its training program we designate. A copy of the current form of membership sign-up agreement/application for the Automotive Oil Change Association can be found on their website.

### Approval of New Suppliers

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved or seek an alternative supplier to be an Approved Supplier, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets Approved Supplier criteria. We have the right to charge you our expenses incurred in making this determination and will, within a reasonable time of your request, notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Currently, we will notify you as to whether the product or supplier is approved as meeting our System Standards within 45 days after receiving the requested information about the item or supplier. If we do not respond, the product or supplier will be deemed disapproved.

Our approval or revocation of approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share these criteria with you by placing it in the Brand Standards Manuals or communicating it directly to you. We can revoke our approval of a supplier at any time upon immediate notice to you. Other than requiring you to reimburse us for expenses we incur, we do not charge a fee for considering granting approval of alternative or new Approved Suppliers.

We estimate that approximately 85% to 95% of purchases required to open your VICTORY LANE® Center Business and of purchases required to operate your VICTORY LANE® Center Business will be from us or from other approved suppliers or under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner.

### Computer System

We require you to have a Computer System for the operation of your VICTORY LANE® Center. We will require you to install and utilize computer hardware and software that we designate for the Computer System. We also require that you utilize a GAAP-accepted accounting system for your financial reporting, and may designate the system you are permitted to utilize.

### Insurance



You must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. Owners of multiple VICTORY LANE® Centers are subject to increased umbrella limits, depending on number of locations. You must send us copies of all insurance policies. If the Site is destroyed, you must rebuild it or relocate in accordance with your obligations under the Franchise Agreement. The Franchise Agreement does not terminate by virtue of casualty to the Site. Insurance requirements are as follows: Business insurance averages about \$300-\$400 per month across the country. You will want to tailor your insurance coverage to specific needs of your VICTORY LANE® Center, but some basic areas of coverage are required for all operating your VICTORY LANE® Center. These include Property and Contents Comprehensive "All Risks" Insurance, Comprehensive General Liability Insurance (to include autos) and Garage Keeper's Liability Insurance.

You are required to maintain coverage of at least \$2,000,000 per occurrence and \$2,000,000 aggregate general and casual property coverage insuring both you and us, comprehensive motor vehicle insurance with coverage of at least \$500,000 per occurrence (including personal injury protection, uninsured motorist protection, and "umbrella" coverage), "umbrella" liability insurance in the minimum amount of \$1,000,000, workers' compensation in the amounts required by applicable law for your VICTORY LANE® Center Business, and business interruption insurance coverage in an adequate amount, as determined by us, and special perils. We recommend and reserve the right to require you to purchase EPLI coverage for your Center(s). Employer's Practices Liability insurance. You may also want to consider additional coverage including officers' and directors' liability, as well as health or life insurance as part of an employee benefit package. Insurance is a complex and highly specialized field, and you should consult a knowledgeable professional when planning your insurance coverage. The insurance company must be authorized to do business in the state where your VICTORY LANE® Center Business is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. The policy must also contain a waiver of the insurance company's right of subrogation against us.

### Rebates

As of the date of this Franchise Disclosure Document neither we, nor our affiliates, have instituted a formal rebate program or a preferred vendor agreement with Approved Suppliers to franchised VICTORY LANE® Centers. However, we or our affiliates may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier will pay rebates to us. Prospective suppliers and existing suppliers may provide us free samples of proposed products. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. We reserve the right to use such rebate monies or remuneration in any way we choose. Also, our affiliates earn profits on the sale of goods and services to us, and to you. Our or our affiliates' obtaining rebate monies or remuneration from suppliers compensates us or our affiliates for our or their efforts to establish and maintain relationships with suppliers and distributors. While we may seek to establish supply relationships based on lowest, lower price, or other considerations, such as strategic marketing, the strength of a supplier, competitive pressures, and other factors may influence our decisions to use and negotiate with those suppliers. You must participate in any rebate programs we establish.

During the prior fiscal year ended December 31, ~~2024~~2023, we did not derive any revenue from the sale of products or services to our franchisees. Our owner Justin Cialella has ownership interests in our

affiliate, VLPP, an approved supplier. During the prior fiscal year ending December 31, ~~2024~~2023, VLPP earned \$143,807,102,995.08 from the sale of products or services to our franchisees.

Purchasing or Distribution Cooperatives

We currently have purchasing or distribution cooperatives for oil, chemicals, computer/POS system, uniforms, credit card processing and payroll processing. We may negotiate other purchase arrangements with suppliers (including price items), for the benefit of the franchise System.

We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular Products or Services or use of particular suppliers. However, if you do not use Approved Suppliers or follow our System Standards, we may terminate the Franchise Agreement. If we have the right to terminate any Franchise Agreement, we can terminate any Area Development Agreement that you enter into with us. You must follow and honor all of the product and service warranty and customer service policies we establish and publish in our Brand Standards Manuals.

**ITEM 9  
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement (“FA”) / Area Development Agreement (“ADA”)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 2.1 and 4 and <u>Exhibit A</u> to the FA; ADA: Sections 3.3 and 5.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	FA: Sections 4, 5.3, 11.7, 19.1 and 19.2; ADA: Section 5.1	Items 5, 6, 7, 8, 11 and 16
c. Site development and other pre-opening requirements	FA: Sections 2.1, 2.2, 4, 5, 7., 11.2, 11.4 11.7, 19.1, 19.2 and 19.3; ADA: Sections 3 and 5	Items 6, 7 and 11
d. Initial and ongoing training	FA: Sections 3.4, 6.8, 7 and 11.2; ADA: Section 6	Item 11
e. Opening	FA: Sections 5.1, 5.2, 5.9, 7, and 12	Item 11
f. Fees	FA: Sections 2.6, 3.4, 3.5, 4.1, 4.2, 6, 7.2, 11.1, 11.3, 11.7, 11.8, 12.1, 15.3, 17 and <u>Exhibit A</u> ; and ADA: Sections 4, 11.5 and 13.11	Items 5, 6 and 7
g. Compliance with standards and policies/Brand Standards Manuals	FA: Sections 4, 5, 7.5, 9.1, 9.3, 11.2, 12 and 13	Item 11
h. Trademarks and proprietary information	FA: Sections 5.7, 8, 9, 11.1, 11.2, 12.9 and 17.4; ADA: Sections 7 and 8	Items 13 and 14
i. Restrictions on products/services offered	FA: Sections 2.6, 5.3, 5.5, 5.7, 5.8, 11.1, 11.2, 11.7, and 11.10 12.5	Items 11 and 16
j. Warranty and customer service requirements	FA: Sections 5.7 and 11.13	None
k. Territorial development and sales quotas	FA: Sections 2, 4.2 and <u>Exhibit A</u> to the FA; ADA: Sections 2.1, 3 and 5	Item 12



Obligation	Section in Franchise Agreement (“FA”) / Area Development Agreement (“ADA”)	Disclosure Document Item
l. Ongoing product/service purchases	FA: Sections 5.3, 5.5, 11 and 12	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Sections 3.1, 3.2, 5.1, 5.2, 5.3, 5.9, 11.2 and 11.4	Items 11 and 17
n. Insurance	FA: Sections 5.7, 5.9, 11.2 and 19	Items 7 and 8
o. Advertising	FA: Sections 8.2, 8.6, 9.1, 11.2 and 12	Items 6, 7 and 11
p. Indemnification	FA: Sections 4, 8.9, 11.14, 18.4 and 20.3, and 20.10; ADA: Section 12.4	Item 6
q. Owner’s participation/management and staffing	FA: Sections 7, 11.1, 11.2, 11.11 and 11.12	Items 11 and 15
r. Records and reports	FA: Sections 11.2, 11.6, 11.8 and 13	Item 11
s. Inspections and audits	FA: Section 14	Items 6 and 11
t. Transfer	FA: Section 15; ADA: Section 11	Items 6 and 17
u. Renewal	FA: Section 3; ADA: Section 2	Items 6 and 17
v. Post-termination obligations	FA: Sections 9.3 and 17	Item 17
w. Non-competition covenants	FA: Sections 10 and 17.6	Item 17
x. Dispute resolution	FA: Section 21; ADA: Section 13.5	Item 17

**ITEM 10  
FINANCING**

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

**ITEM 11  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING**

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

**Pre-opening Obligations**

Before you open your VICTORY LANE® Center, we (or our designee) will provide the following assistance and services to you:

1. Provide you with assistance in selecting a Site (except for Conversion Businesses) if you and we have not already agreed upon a location for your VICTORY LANE® Center before signing the Franchise Agreement, which is typically the case. We expect that most franchisees will lease, and not own their Site. We do not generally own and lease a Site to franchisees. We do not select your Site. We approve an area in which you select a Site, and grant our approval of the Site. We will provide one Site Selection Trip lasting up to three days to review your proposed Site(s). We or our affiliate may also provide CPMS services (Franchise Agreement – Sections 4.1 and 16.2(k)).

2. Once a Site is approved, establish your Territory and Marketing Area (Franchise Agreement – Sections 2.1 and 2.2).

3. Provide you with assistance to find, develop and open the franchised business. (Franchise Agreement – Section 4.1).



4. Identify any other fixtures, equipment (including facsimile machines, telephones, and computer hardware and software), music (including a satellite radio subscription), and any miscellaneous office supplies, equipment or materials necessary for your VICTORY LANE® Center Business to begin operations, and the minimum standards and specifications that must be satisfied and the suppliers from which these items may be purchased or leased (including us and/or our affiliates). We provide this information in writing and through verbal instruction in training. (Franchise Agreement – Section 5).

5. Loan you one copy of the Brand Standards Manuals, which currently includes our brand profile manual and operations manual, or at our discretion, make the Brand Standards Manuals accessible to you online via Internet, Intranet or other electronic media. (Franchise Agreement – Section 11.1).

6. Provide to you the training described in detail later in this Item. (Franchise Agreement – Section 7).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing VICTORY LANE® Centers.

### **Site Selection**

You must locate and obtain our approval of the Site within 60 days after the date the Franchise Agreement is signed. We will approve or disapprove of a Site proposed within 30 days of your providing the materials we request for approving a Site. The Site must be ready to open for customers within 24 months after signing the Franchise Agreement. In our sole discretion, if you have made full and complete applications for all building permits, and all other permits required to open a VICTORY LANE® Center, we may grant to you up to three 30-day extensions to open the VICTORY LANE® Center, provided that the delay was due to causes beyond your reasonable control, which will be determined in our sole discretion. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other VICTORY LANE® Centers, the nature of other stores in proximity to the Site and other commercial and aesthetic characteristics. Preferred sites are located on major streets or crossroads within high volume retail areas. Acceptable levels of vehicle traffic, population and demographics may vary from location to location. You must negotiate your lease or purchase of real estate, and any construction or retrofitting of an existing building into a VICTORY LANE® Center designed to meet our specifications. If you purchase an existing VICTORY LANE® Center from an existing VICTORY LANE® franchisee, you will be required to sign a Deferred Maintenance Agreement in the form attached as Exhibit H-98 to this Franchise Disclosure Document, which requires the buyer or seller of the VICTORY LANE® Center to repair conditions of the VICTORY LANE® Center as we identify via inspection of the VICTORY LANE® Center within 90 days of the purchase. Some of our current guidelines for Sites include: traffic patterns of consistent volume level, a sufficient number of parking spaces; proximity to commercial corridors; convenient access with easy left or right-hand ingress or egress; sufficient population within proximity to the VICTORY LANE® Center; and lack of competitors in close proximity. We include one Site Selection Trip of up to three days with the Initial Franchise Fee. We charge additional fees for additional Site Selection Trips. See Item 5. If you and we fail to agree on a Site, or you fail to open, within the time we permit (as discussed above), we may terminate the Franchise Agreement and the Initial Franchise Fee will be forfeited. We do not provide site selection assistance to Conversion Businesses.

If you lease the Site from a third party, or purchase the Site, we must approve the lease, financing, and/or purchase documents that you will sign before you sign them. We require that they contain certain provisions that are designed to protect our rights. These required terms generally protect our rights under the Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us, and



your right to occupy the Site and operate the VICTORY LANE® Center Business without interference by lenders and mortgage holders. Any person, including a person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the Site to you or own or obtain financing for the Site, must agree to be bound by these provisions.

The lease provisions we may require include:

- a) The initial terms of the lease, or the initial term combined with any renewal terms (for which rent must be specified in the lease) must be for at least 15 years.
- b) The lease must give the landlord's consent to use the Marks and signage we prescribe for the Center, including updates or changes we may make over time.
- c) We must have rights to enter the premises to make modifications necessary to protect the Marks and System
- d) We or our designee, must have the option to assume your occupancy rights under the lease terms and have the right to assign the lease or sublet the premises for all or part of the lease term, if you are in default under the lease or the Franchise Agreement, or if the lease or Franchise Agreement is terminated or not renewed.
- e) Your landlord must agree to provide us with a notice of default and an opportunity to cure any default.
- f) The lease must contain a use provision, an exclusive use provision and a restrictive use provision which is acceptable to us.

Your lease is collaterally assigned to us as a security for your timely performance of all obligations under the Franchise agreement. You are responsible for obtaining the lessor's consent to the collateral assignment. A copy of our current standard form of Collateral Assignment of Lease is attached to this Franchise Disclosure Document in Exhibit H-6. We reserve the right to modify these required lease terms and to require you to use our standard form of Lease Addendum also attached to this Franchise Disclosure Document in Exhibit H-6, at our discretion.

### **Schedule for Opening**

The time between the signing of the Franchise Agreement and the opening of your VICTORY LANE® Center Business can vary, but we estimate it will be between nine and 18 months. Conversion Businesses typically take between three and six months to open after signing of the Franchise Agreement. Factors which will affect your opening date include selecting and acquiring the location for your VICTORY LANE® Center, remodeling or constructing your business premises, obtaining the required licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, completing the training program and your compliance with local laws and regulations. You must obtain written approval from us to open your VICTORY LANE® Center. You must open your VICTORY LANE® Center within 24 months of signing the Franchise Agreement. If you and we fail to agree on a Site, or you fail to open, within the time we permit, we may terminate the Franchise Agreement and the Initial Franchise Fee will be forfeited.

You may not open your VICTORY LANE® Center for business until: (1) we approve your VICTORY LANE® Center as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager of your VICTORY LANE® Center Business and you have demonstrated that the conditions of the Franchise Agreement have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have approved and received signed counterparts of all required documents pertaining to your acquisition of the Site. You cannot open



your VICTORY LANE® Center Business until we are satisfied that you have completed all necessary steps to open. While we may terminate the Franchise Agreement if you fail to open in the time required, we may, in our sole discretion, grant you extensions if your delay is due to your engaging in efforts to comply with laws and regulations. You must be prepared to begin operating your VICTORY LANE® Center Business immediately after we state that your VICTORY LANE® Center is ready for opening, but in no event later than 24 months after signing the Franchise Agreement, unless we grant you an extension in writing, at our sole discretion. If you are a Conversion Business owner you may not require as much time and your VICTORY LANE® Center could be ready to open as soon as training is completed.

If you are an Area Developer, you must sign your first Franchise Agreement at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first VICTORY LANE® Center under an Area Development Agreement is the same as for a single VICTORY LANE® Center. Each additional VICTORY LANE® Center you develop must be opened according to the terms of your Development Schedule. The site selection and approval process for each VICTORY LANE® Center under an Area Development Agreement is the same as that for a single VICTORY LANE® Center and will be governed by the Franchise Agreement signed for that location.

### **Continuing Obligations**

During your operation of your VICTORY LANE® Center, we (or our designee) will provide the following assistance and services to you:

1. Advise you from time to time regarding the operation of your VICTORY LANE® Center Business based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by VICTORY LANE® Centers; purchasing required equipment, inventory, materials and supplies; inventory sales; use of suppliers; approved products; employee training; and administrative, bookkeeping and accounting procedures. Our guidance will also include our designating the Products and Services you may offer to your customers. This guidance will, at our discretion, be furnished in our Brand Standards Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the VICTORY LANE® Center. (Franchise Agreement – Section 7.5).
2. Establish our bookkeeping and accounting policies via our System Standards. (Franchise Agreement – Sections 11 and 13).
3. Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for the Products and Services you offer and sell. (Franchise Agreement – Sections 11.9).
4. Issue, modify and supplement System Standards for your VICTORY LANE® Center Business. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in the VICTORY LANE® Center Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Franchise Agreement. (Franchise Agreement – Section 11). We will give you 90 days to comply with capital modifications we require. You are obligated to comply with all modifications to System Standards, other than capital modifications, within the time period we specify. We will not require you to spend more than 25% of our high estimate of the cost of the sum of leasehold improvements and furniture, fixtures and equipment during the term of the Franchise Agreement in connection with capital modifications.

5. As may be permitted by law, inspect and observe, photograph and videotape the operations of your VICTORY LANE® Center, remove samples of any products, materials or supplies for testing and analysis, interview your VICTORY LANE® Center’s customers and personnel, and inspect and copy any books, records and documents relating to the operation of your VICTORY LANE® Center Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 14.1).

6. Establish, maintain and administer a systemwide fund (“System Development Fund”). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time up to a limit set in the Franchise Agreement. Any VICTORY LANE® Centers Businesses owned and operated by us and our affiliates are not required to contribute to the System Development Fund on the same basis as franchise owners. We may dissolve the System Development Fund upon written notice. (Franchise Agreement – Section 12.1-12.4).

7. Provide ongoing training to assist you in training your employees. However, we do not assist you with hiring your employees. (Franchise Agreement – Section 7).

8. Reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

### **Advertising**

#### **System Development Fund**

We have established a System Development Fund for marketing, developing and promoting the System, Marks and VICTORY LANE® Center Franchises. You are required to pay to the System Development Fund the system development fees in an amount we designate up to 3% of your weekly Gross Sales (currently 2%) (“System Development Fees”). Franchisees’ System Development Fees may not be uniform depending upon when they signed their franchise agreements. We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Development Fund may be used to pay the costs of preparing audio and written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain online ordering and fulfillment systems, the business management system and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting websites or other e-commerce programs, and other advertising, promotion, marketing activities and any other purpose to promote the VICTORY LANE® brand. The System Development Fund may use national and/or regional advertising agencies as the source for our advertising materials, or we may prepare them in-house. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. (Franchise Agreement – Section 12).

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all VICTORY LANE® Centers to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover

deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. However, the System Development Fund is not audited. We will not use any monies from the System Development Fund for the preparation materials intended to be used solely for franchise sales solicitations. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described in the Franchise Agreement. (Franchise Agreement – Section 12).

The System Development Fund is intended to maximize recognition of the Marks and patronage of VICTORY LANE® Centers. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all VICTORY LANE® Centers, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by VICTORY LANE® Centers operating in that geographic area or that any VICTORY LANE® Center Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the System Development Fund. (Franchise Agreement – Section 12).

Franchisee contributions to the System Development Fund will generally be on a uniform basis, but we reserve the right to defer or reduce contributions of a franchisee and, upon 30 days’ prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the System Development Fund during the preceding 12-month period. We and our affiliates are not required to contribute to the System Development Fund on the same basis as franchise owners for any VICTORY LANE® Center Business we or they own and operate. Currently, while we are not obligated to do so, we have implemented a voluntary program which will refund up to 50% of a franchisee’s System Development Fees back to that franchisee if it spends an equal amount of monies on advertising we approve for that program. Refunds are typically paid within 30 days of submission for payment on an approved advertising program. All refunds from the prior calendar year must be submitted within 60 days of year end, otherwise they are forfeited. We may terminate or change this program at any time.

During the fiscal year ending December 31, ~~2024~~2023, expenditures from the System Development Fund were used for the following purposes:

Digital Marketing/SEO/SEA	3035%
Website and Online Marketing	2822%
Media Placement	95%
Administrative	1215%
Promotional Materials & Conventions	56%
Production	25%
Reminder Programs	1412%



## VICTORY LANE® Center Advertising

We recommend, but do not require, that you spend 5% of your Gross Sales per calendar month for approved Center Advertising and promotion of your VICTORY LANE® Center Business. ~~If other franchise owners operate in the Marketing Area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising.~~ In addition to your recommended Center Advertising expenditure, we will maintain an up-to-date Google My Business and/or other online listing(s) for your location, designed and maintained through our marketing services and support team at no charge; however, we reserve the right to charge you pass through costs for these services. We may review your books and records relating to your expenditures for such advertising and promotion. (Franchise Agreement – Section 12.7).

We require that you spend a minimum of \$15,000 on grand opening advertising and marketing within 90 days of opening your VICTORY LANE® Center Business. We may waive or reduce this requirement if you operate a Conversion Business. You will purchase certain promotional items from us and purchase marketing services, Google advertising, direct mail advertising, radio advertisements, and other approved advertising and marketing that meets our standards and specifications.

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written approval within 30 days after we receive the materials, they will be deemed disapproved. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement – Section 12.5). You may choose to utilize marketing services such as ~~RoboRetail~~, Cinch or Throttle. If you choose to participate, we will collect a marketing program fee and remit it to the applicable third parties.

## System Website

We have established a System Website for VICTORY LANE® Center Businesses at [www.VictoryLane.net](http://www.VictoryLane.net). Other than the System Website and certain other activities that we approve from time to time in our sole discretion, you may not conduct activity associated with your VICTORY LANE® Center Businesses over the Internet and World Wide Web.

We may allow you to promote your business via alternate online strategies consistent with our online policy as contained in our Brand Standards Manuals. We have the right to review all online content on social media sites, blogs, in electronic communications, and on other online sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks and to maintain consistency within the System. We may require you to remove any questionable usage or content involving our trademarks. We may also require you to cease using our trademarks at all such sites or discontinue all use of such sites.

## Advertising Cooperative

When there are two or more VICTORY LANE® Centers in your Marketing Area, you may form a local or regional advertising cooperative (“LAA”). If an LAA is established for an area that includes your VICTORY LANE® Center, you may be required to contribute to it an amount determined by that LAA. The area of each LAA will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each VICTORY LANE® Center Business that the franchisee owns that exists within the cooperative’s area. Each VICTORY LANE® Center Business we or our affiliates own that exists within the cooperative’s area will be required to contribute to the



cooperative on the same basis as franchisees. Each VICTORY LANE® Center in the Marketing Area, including our or our affiliates', will have one vote for all matters to be voted upon at duly convened meetings. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your Marketing Area, you will be required to participate in compliance with the provisions of the Brand Standards Manuals, which we may periodically modify at our discretion. Any fee paid to an LAA may be applied to the suggested 5% Center Advertising. (Franchise Agreement- 12.6).

### Advisory Council

We currently do not have, but may form, an advisory council (“Council”) to advise us on advertising policies. The Council would be governed by bylaws. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council’s bylaws. The Council would serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

### Computer System and POS System

You must buy and install, if you do not already have, the computer hardware, software, printers, and communications equipment and services from us. You will have sole responsibility for the operation, maintenance, and upgrading of the Computer System. You must use the Computer System for online reporting of sales, keeping customer information, and reporting other information to us as required under the Franchise Agreement.

We will establish the standards and specifications of your office, telecommunications and computer equipment (Section 11 of the Franchise Agreement). We recommend that your Computer System include Integrated Services, Inc.’s Complete System, and a laptop computer, point-of-sale terminals, printer, database, business management software and marketing software that meet our current specifications. You will have a contractual obligation to upgrade or update your computer hardware and software programs during the term of the Franchise Agreement as required by us (see Section 11 of the Franchise Agreement). We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances that we cannot predict at this time. We estimate the annual costs to be approximately \$1,800 but this could vary (as discussed above) You may choose to establish a contractual relationship with a third-party supplier to provide ongoing maintenance, repairs, upgrades or updates, at an estimated annual cost of \$500 to \$1,000. Your Computer System will perform word processing, accounting, record keeping, scheduling, Internet access and email functions for your Center. Fax and telecommunications equipment, computer hardware and peripherals, maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors. We will have remote access to the information and data collected and generated by your Computer System.

You will, at your sole expense, lease or purchase the computer hardware, software and computer peripherals required by us for your VICTORY LANE® Center Business that meet the specifications set forth in the Brand Standards Manuals. The cost of your Computer System may range from \$10,000 to \$20,000. You will, upon written notice from us, update the Computer System to the standards and specifications set forth in the Brand Standards Manuals or otherwise in writing by us. You must also enter into software license agreements with Approved Suppliers for the software required by us for your

VICTORY LANE® Center. You will be responsible for paying us, Approved Suppliers and/or vendors the licensing or other fees, costs and expenses incurred to acquire, install and implement the Computer System and any updates to the Computer System.

Typical hardware required as part of your Computer System is a windows-based laptop. The Computer System may vary if or as we update and approve comparable systems.

We have used LubeSoft® Software from LubeSoft/ISI since 1994. We may choose another provider at any time. You have to pay to our Approved Supplier of software its then-current fees to maintain the software. We estimate these fees will range from \$600 to \$800 per quarter (currently \$642.60 per quarter). Our approved software helps you manage your operations. You are also required to use QuickBooks.

We currently require you to provide us continuous uninterrupted “24/7” access to your Computer System to monitor your sales, receivables and other financial and operational data we designate.

We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System, nor do we have any obligation to reimburse you for any Computer System costs. You must maintain your Computer System and keep it in good repair. You must update or upgrade the Computer System as we require at any time during the term of the Franchise Agreement. The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate that the cost of the optional or required maintenance, updating, upgrading or support contract will be between \$100 and \$1,000 per year, but this could vary (as discussed above). While we provide an estimate of the annual cost of any maintenance, updating, upgrading, or support contracts, there is no contractual limit on the frequency or cost of your obligation to upgrade or update the Computer System. We have the right to independently access all information you collect, compile, store or generate at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data. There are no contractual limitations on our right to access or retrieve any information contained and/or utilized by your Computer System. (Franchise Agreement- Section 11.7).

### Brand Standards Manuals

The table of contents of our Brand Standards Manuals as of the date of this Franchise Disclosure Document are attached as Exhibit G. Our brand profile manual is approximately 47 pages and the operations manual is approximately 110 pages. The Brand Standards Manuals are also available online and require you to enter into a confidentiality agreement.

### Certified Area Developers

We are in the process of investigating if we will establish a program to certify our Area Developers to provide initial training to their second and subsequent VICTORY LANE® Centers. If we certify you as capable of providing initial training to your subsequent VICTORY LANE® Centers, you will be responsible for that initial training to your subsequent VICTORY LANE® Centers. In that case, you will be required to provide training to the VICTORY LANE® Center’s Staff and Owners/business managers that meet our System Standards.

### Initial Training

We will provide up to two weeks of training at your VICTORY LANE® Center and one week of training at our headquarters in Plymouth, Michigan for you and your business manager (“Initial Training”).



We may substitute any of these training days at your VICTORY LANE® Center or our headquarters with training at another VICTORY LANE® Center, at another location or online. We will also provide general training for up to three employees (“Staff Training”). Staff Training is designed to familiarize VICTORY LANE® Center Business employees with our operating culture and the VICTORY LANE® Center’s business. (Franchise Agreement- Section 7). We do not conduct a separate training program in connection with our Area Development Program.

You (or your business manager, if you are an entity) must complete the Initial Training to our satisfaction. You (or your business manager, if you are an entity), also must participate in all other activities required to operate your VICTORY LANE® Center. Although there are no additional fees for the training other than the training expenses described in Item 5, you are responsible for all travel, living and compensation expenses which you and your employees incur in connection with training. Online training through our VLU is available for all employees. You assume responsibility for upkeep of employee roster and rank inside of VLU. A monthly fee of \$2.00 per student will apply to all active employees inside the VLU roster. Conversion Business owners must attend and complete to our satisfaction the Initial Training program. The Initial Training program may be customized for each Conversion Business owner to reflect the owner’s prior business experience and may be shorter and less detailed than the program for new franchisees. We offer additional mandatory training when needed and when we can schedule it, approximately two to three times per year. We are constantly in the process of evaluating and improving our training programs so they may change at any time. You must pay to us any then-current fees for training and you are responsible for any training expenses you incur. (Franchise Agreement- Section 7).

The following chart summarizes our current Initial Training for VICTORY LANE® Centers:

### TRAINING PROGRAM

Administrative	Hours of Classroom Training	Hours of On- The- Job Training	Location
Welcome	.75	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Legal 101	.5 - 1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
QuickBooks & Accounting 101	12	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
HR 101	1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
QuickBooks 102	2 – 4	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Legal 102	1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
HR 102	1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
<b>TOTAL</b>	<b>18.25 – 20.75 hours</b>	<b>0</b>	



Operations	Hours of Classroom Training	Hours of On- The- Job Training	Location
Vendors	1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Fleet	1	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Marketing	1 – 2 hours	0	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
ISI 101	0	10	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
ISI 102	0	10	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
ISI 103	0	10	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Operations 101	0	38	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Operations 102	0	38	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
Operations 103	0	38	Online or in-person at our corporate office in Plymouth, Michigan, your store or other location
TOTAL	3 – 4 hours	144 hours	

All training will be supervised by or conducted by Justin Cialella, Lauren Cialella, Matthew Globke, James Harrington, ~~Terry Tackett~~, Justin Feld, and other instructors who have experience with the business system. Justin Cialella’s training and operational experience comes from being a VICTORY LANE® franchisee since 2009 and over 22 years in the insurance industry. James Harrington is our Vice President of Franchise Operations. James’ operational and training experience is derived from working with Victory Lane since 2008. Lauren Cialella’s training and operational experience comes from operating VICTORY LANE® franchises with Justin Cialella since 2009. Matthew Globke’s training and operational experience comes from being an accounting manager for VICTORY LANE® since 2014. ~~Terry Tackett’s training and operational experience comes from over twenty years of experience as an Automotive Mechanic, including over four years with Victory Lane.~~ Justin Feld’s training and operational experience comes from over seven years with Victory Lane. The Brand Standards Manuals will be the primary source for training material.

All training will be offered as often as we deem necessary, and will be held in Plymouth, Michigan or at another location designated by us. The training program will include classroom and on-the-job instruction on topics selected by us.

We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. Training days may be up to 12 hours in length. The hours of classroom or on-the-job training overlap and the subjects are not distinctly separated during training.



We also provide you, at no additional charge except for the expenses described below, an “Opening Team” for such time period as we may designate to assist you with the opening of your VICTORY LANE® Center Business. Currently, the Opening Team is provided for approximately four days (usually two days prior to opening and two days after opening your VICTORY LANE® Center Business) with at least one trainer/Opening Team member. We may require additional Opening Team members or additional days, and if you request additional days or Opening Team members, we charge our then-current additional opening expenses (currently up to \$500 per day per trainer, plus all costs and expenses). This Opening Team serves the dual role of assisting you and providing additional training. We require you to provide, at your expense, on-site meals and beverages for the Opening Team plus all of its travel and living expenses. Often, we will pay for travel and lodging expenses, in which case you will reimburse us. We are not required to provide an Opening Team or other on-site training to you if you are a transferee of an existing VICTORY LANE® Center, but may do so depending upon your experience and ability. You are responsible for additional Opening Team expenses and training expenses.

In addition to our training program, VICTORY LANE® Centers franchisees must join the Automotive Oil Change Association, and attend its training programs which we may designate as mandatory for franchisees.

### Ongoing Training

From time to time, we may require that you or your business manager and/or other previously trained and experienced managers attend systemwide refresher or additional training courses and pay any applicable fees. This additional or periodic training may also include, at your expense, training provided by industry related organizations that we may designate, like the Automotive Oil Change Association. Some of these courses may be optional, while others may be required. If you transfer ownership, or if you hire a new business manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your VICTORY LANE® Center Business.

If we conduct an inspection of your VICTORY LANE® Center Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you or your business manager and other employees attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training at your VICTORY LANE® Center. You must pay us the then-current on-site training fee (currently up to \$500 per day per trainer) plus all costs and expenses we incur. If we determine that you are not operating your VICTORY LANE® Center Business in compliance with the Franchise Agreement or the Brand Standards Manuals, we may require that you, your business manager, and other employees attend remedial training. If the training program is conducted at your VICTORY LANE® Center, you must reimburse us for the expenses we or our representatives incur in providing the training. You also will have to pay us for training new managers hired after the VICTORY LANE® Center’s opening. The employee training program must be conducted by trainers that we have approved who have also satisfactorily completed our training. When training is on-site, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

You may operate the VICTORY LANE® Center Business only at a specific location that first must be approved by us. The Site will be located within a Marketing Area. The Site for your VICTORY LANE® Center Business will be listed in the Franchise Agreement. If you have not identified a Site for the



VICTORY LANE® Center when you sign the Franchise Agreement, as is typically the case, you and we will agree on the Site in writing and amend the Franchise Agreement after you select and we approve the Site. You are not guaranteed any specific Site and you may not be able to obtain your top choice as your Site. You may not conduct your business from any other location. You will not actively advertise, market or promote your VICTORY LANE® Center outside of the Marketing Area. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not relocate the VICTORY LANE® Center Business without our prior written approval. We may approve a request to relocate the VICTORY LANE® Center Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of the VICTORY LANE® Center Business, and our then-current site selection policies and procedures.

We will grant you an exclusive “Territory.” We will not establish, nor permit anyone else to establish, another VICTORY LANE® Center Business within the Territory. The Territory is determined based on the geographic area and populations properties within that area and other relevant demographic characteristics and will typically be the less of a five-mile radius around your VICTORY LANE® Center or a population of 80,000 people. We may not grant you this right if your VICTORY LANE® Center is located in a metropolitan area (areas in which the population during any 24-hour period exceeds 50,000 persons per square mile).

We retain all rights not expressly granted to you. This include the rights, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, acquire, establish, operate or license others to establish or operate VICTORY LANE® Centers anywhere outside the Territory, on such terms and conditions as we deem appropriate;
2. without limiting the rights in Section 1 above, to market and sell, inside and outside of the Territory, through distribution channels other than VICTORY LANE® Centers (including mobile VICTORY LANE® Centers, internet, intranet, catalog sales, websites, email or other forms of e-commerce) (“Alternative Channels of Distribution”), goods and services competitive with goods and serviced offered by VICTORY LANE® Centers under the Marks or under trade names, service marks, or trademarks other than Marks, without any compensation to you except as disclosed in the Franchise Agreement, and in such amounts in such manner as we determine in our sole discretion;
3. to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;
4. to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and
5. engage in any other acts and exercise any rights not expressly and exclusively granted to you under the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency; provided that you are able to generate sufficient Gross Sales to meet the Minimum Royalty amounts (see Item 6). We do not pay compensation for soliciting or accepting orders inside your Territory.



If you wish to purchase an additional VICTORY LANE® Center Franchise, you must apply to us, and we may, at our discretion, offer an additional VICTORY LANE® Center Franchise to you. We consider a variety of factors when determining whether to grant additional VICTORY LANE® Center Franchises. Among the factors we consider, in addition to the then-current requirements for new VICTORY LANE® Center franchisees, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

You do not receive the right to acquire additional VICTORY LANE® Center Franchises unless you sign an Area Development Agreement. You are not given a right of first refusal on the sale of existing VICTORY LANE® Center Franchises.

### Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Area in which you must develop a designated number of VICTORY LANE® Center Businesses. We do not have any minimum size Development Area (other than that it is the combined territories of each of the VICTORY LANE® Center Businesses under the Area Development Agreement). The Development Area will be described in Exhibit “A” to the Area Development Agreement prior to signing the Area Development Agreement. The Development Area will be an exclusive territory for the development of VICTORY LANE® Center Business during the term of the Area Development Agreement so long as you are in compliance with it and all Franchise Agreements with us. This exclusivity grants you the exclusive rights to open VICTORY LANE® Center Businesses in the Development Area provided that you follow the terms of the Area Development Agreement. The rights granted under the Area Development Agreement relate only to the development of the VICTORY LANE® Center Businesses identified in the Area Development Agreement.

Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a VICTORY LANE® Center Business in your Development Area during the term of the Area Development Agreement. However, we, our affiliates, and any other authorized person or entity (including any other VICTORY LANE® Center franchisee) may, at any time, conduct any other type of activities within your Development Area that we are permitted to conduct under the Franchise Agreement. You acknowledge that the Development Area may already include existing VICTORY LANE® Center Franchises, and that you may not develop a VICTORY LANE® Center Business that infringes on the territorial rights of existing VICTORY LANE® Center franchisees.

We reserve the right to: a) establish and grant to other franchisees the right to establish VICTORY LANE® Center Businesses anywhere outside the Development Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Development Area); b) operate and grant franchises to others to operate businesses, whether inside or outside the Development Area, specializing in the sale of products or provision of services, other than a competitive business or VICTORY LANE® Center Business, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate; c) operate and grant franchises to others to operate businesses, VICTORY LANE® Center Businesses or other services, whether inside or outside the Development Area, that do not use any of the Marks; d) market and sell, inside and outside of the Development Area, through channels of distribution other than VICTORY LANE® Center Businesses (like internet, mail order, direct mail or social media) or through special purpose sites (like at automotive events, conventions, car shows, etc.), goods and services competitive with goods and services offered by VICTORY LANE® Center Businesses, under the Marks or under trade names, service marks or trademarks other than the Marks; e) engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be



converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your VICTORY LANE® Center Businesses, wherever located; provided that in such situations the newly acquired businesses will not operate under the Marks inside your Development Area; and f) engage in any other acts and exercise any rights not expressly and exclusively granted to you under the Area Development Agreement.

The Development Area will terminate upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

If a franchise for a VICTORY LANE® Center Business is terminated that had its Territory as part of the Development Area, the Development Area is reduced by that Marketing Area. If you sell a franchise for a VICTORY LANE® Center Business under the Area Development Agreement, the Development Area is also reduced by that Marketing Area.

Upon your first failure to adhere to the Development Schedule, you will lose the exclusivity granted for the Development Area. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the size of the Development Area; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

We are not required to pay you if we exercise any of the rights described above inside of your Development Area or Marketing Area. We do not restrict you from soliciting or accepting customers from outside of your Development Area or Marketing Area for on-premises sales at your VICTORY LANE® Center, but we may and currently do confine your marketing to within your Marketing Area. You may not engage in any promotional or similar activities, whether directly or indirectly, through or on the Internet or any other similar proprietary or common carrier electronic delivery system. You are not authorized to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing without our prior approval and subject to our online policies and sales methods designated by us. We reserve for ourselves and our affiliates the right to engage in any business activity inside or outside of the Marketing Area and Development Area that is not expressly and exclusively granted to you under your Franchise Agreement and Area Development Agreement.

You may only offer and sell products or services approved by us, and all sales and services must be made at your VICTORY LANE® Center.

### ITEM 13 TRADEMARKS

The Marks and the System are owned by us. The Franchise Agreement and your payment of Royalties grant you the nonexclusive right and license to use the System, which includes the use of the Marks. We have registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:



Trademark	Registration Number	Registration Date	Register
 <p>The logo features the words "VICTORY" and "LANE" in a bold, italicized font, with a checkered flag graphic behind them. Below this, the words "QUICK OIL CHANGE" are written in a smaller, sans-serif font.</p>	1,599,891	June 5, 1990	Principal
 <p>The logo features the words "VICTORY" and "LANE" in a bold, italicized font, with a checkered flag graphic behind them. Below this, the words "CAR WASH" are written in a smaller, sans-serif font.</p>	2,326,812	March 7, 2000	Principal
 <p>The logo features the words "VICTORY" and "LANE" in a bold, italicized font, with a checkered flag graphic behind them. Below this, the words "PERFORMANCE PRODUCTS" are written in a smaller, sans-serif font. The text "FOR PROFESSIONAL INSTALLERS ONLY" is written in a very small font above and below the main logo.</p>	5,994,030	February 25, 2020	Principal
 <p>The logo is circular with a red background. It features the number "40" in a large, white, stylized font. Above the "40" is the text "40TH ANNIVERSARY" and below it is "1984-2024".</p>	<u>7,425,435</u>	<u>June 25, 2024</u>	<u>Principal</u>

We have applied for registration of the following trademark with the USPTO:

Trademark	Serial Number	Filing Date	Status
	97,837,571	March 14, 2023	Pending on the Principal Register
	97,837,598	March 14, 2023	Pending on the Principal Register

We claim common law rights in the following ~~trademark~~trademarks:

MarkTrademark	Serial No.	Filing Date	Status
	Not applicable	Not applicable	Common Law
	<u>Not applicable</u>	<u>Not applicable</u>	<u>Common Law</u>

We do not have a federal registration for the trademarks listed in the tables above (serial numbers 97,837,571, number 97,837,598; and common law MarkMarks). Therefore, those trademarks do not have

as many legal benefits and rights as a federally registered Trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark(s), which may increase your expenses.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the VICTORY LANE® Center Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your VICTORY LANE® Center Business that you are an independently owned and operated licensed franchisee of Victory Lane Quick Oil Change, Inc. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the VICTORY LANE® Center Franchise, or any interest in the VICTORY LANE® Center Franchise. All rights and goodwill from the use of the Marks accrue to us.

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols. You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

You must notify us within ten days of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. While we may choose to do so, we are not required to protect your right to use the Marks, or protect you from claims of infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. If so, we will reimburse you for your reasonable direct expenses of changing the VICTORY LANE® Center's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.



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

We claim copyright protection and proprietary rights in all copyrightable aspects of the System, including our Brand Standards Manuals, our website, correspondence and communications with you or other franchisees relating to the System, training, advertising and promotional materials and other written materials used in operating a VICTORY LANE® Center Business.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials of ours, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works. There are no infringing uses actually known to us which could materially affect use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when in the best interest of the System. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright.

The Brand Standards Manuals and other materials and information we may give you access to contains our confidential information that we treat as trade secrets. This information includes, but is not limited to, methods, formats, specifications, formulas, product and service offerings, standards, procedures, sales and marketing techniques, knowledge of and experience in developing and operating VICTORY LANE® Centers, knowledge of specifications for and suppliers of certain fixtures, equipment, materials and supplies, and knowledge of the operating results and financial performance of VICTORY LANE® Centers. You and your owners must not communicate or use our confidential information for the benefit of anyone else during the term of the Franchise Agreement. After the Franchise Agreement terminates or expires, you and your owners may no longer use the confidential information and must return it to us.

If you or your owners develop or learn of any new ideas, concepts, processes, techniques or improvements relating to the operation or promotion of your VICTORY LANE® Center, you must promptly notify us and give us all necessary information about such ideas, concepts, processes, techniques or improvements, without compensation. These ideas, concepts, processes, techniques or improvements will be considered our property and part of the System and will be considered works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, processes, techniques or improvements.

There are no patents that are material to the franchise that are owned or licensed by us. Neither we nor our affiliates have any pending patent applications that are material to the franchise.

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

We require that you either directly operate your VICTORY LANE® Center Business (if you are an individual) or designate a manager who has at least 20% ownership of your voting securities (if you are an entity) as your business manager (“Business Manager”). Your Business Manager will be principally responsible for communicating with us about the VICTORY LANE® Center Business and must have the authority and responsibility for the day-to-day operations of your VICTORY LANE® Center Business. Either you or a Business Manager must be at the Site at all times when your VICTORY LANE® Center Business is open. You (if you are an individual) or your Business Manager (if you are an entity) must



successfully complete our training program (See Item 11). If you replace your Business Manager, the new Business Manager must satisfactorily complete our training program at your own expense.

We require that you take an active role in managing the operations of your VICTORY LANE® Center. You can choose to act as your own Business Manager, or you can hire a Business Manager to be responsible for communicating with us, and be responsible for the day-to-day operations of your VICTORY LANE® Center. You or your Business Manager is responsible for all operations of your VICTORY LANE® Center, whether they are on or off-site, and should be directly supervising operations at all times.

Any Business Manager and, if you are an entity, any officer that does not own equity in the franchisee entity must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit H-2. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H-3. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an “Owners Agreement”, the form of which is attached to the Franchise Agreement as Exhibit “B”. We also require that the spouses of the Franchise owners sign the Owners Agreement.

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

You must offer for sale only those products, and perform all services authorized by us and which meet our standards and specifications. Our System Standards may regulate required or authorized products, product categories and supplies. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your VICTORY LANE® Center or other factors. We have the right to change the types of required and/or authorized goods and services from time to time. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. Other than limits imposed by applicable laws, rules and regulations relating to installation services, there are no limitations on our right to make changes to the required products and services offered by you. We may designate maximum and minimum resale prices for use with multi-area marketing programs and special price promotions to the extent permitted by governing law.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs, crowdfunding campaigns or mention or discuss VICTORY LANE® Franchise, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not provide any products or services related to the operation of your VICTORY LANE® Center Business that we have not approved.

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

### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.**



Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.4	15 years beginning on your opening date or longer to coincide with the term of your lease for the Site.
b. Renewal or extension of the term	Section 3	If you are in good standing, you can acquire up to four successor franchises for additional five-year terms.
c. Requirements for franchisee to renew or extend	Section 3	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. In order to renew (obtain an successor franchise) you must: maintain Site or secure substitute Site; bring VICTORY LANE® Center into compliance with our then-current specifications and standards; provide us with written notice of your intent to renew <u>or not renew within the first 90 days of the final year of your Franchise Agreement</u> ; sign then-current franchise agreement and ancillary agreements, general releases and agreement not to sue; satisfactorily complete training and refresher programs; pay fee; and sign a general release in the format attached as <u>Exhibit H-1</u> to this Franchise Disclosure Document. Upon renewal, you will be asked to sign a successor Franchise Agreement and ancillary documents with terms and conditions that may be materially different from your Franchise Agreement that covered your original term, but the boundaries of the Territory and Marketing Area will remain the same.
d. Termination by franchisee	Section 16.1	If we breach the Franchise Agreement and do not cure the breach after 60-day notice from you, you may terminate 60 days after you provide us with written notice of termination, subject to applicable state law.
e. Termination by franchisor without “cause”	Not Applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 16.2	We can terminate only if you commit one of several violations.
g. Curable defaults	Section 16.2	You have five days to cure health, safety, environmental or sanitation law violations, ten days to cure monetary defaults to us or Approved Suppliers, 30 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards.

Provision	Section in Franchise Agreement	Summary
h. Non-curable defaults	Section 16.2	Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to open VICTORY LANE® Center Business within 24 months of signing the Franchise Agreement (unless an extension is granted), abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the VICTORY LANE® Center Business, loss of the Site, unauthorized use or disclosure of the Brand Standards Manuals or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due; and your refusal to provide us, or failure to provide us continuous access to your Computer System data.
i. Franchisee’s obligations on termination/non-renewal	Section 17	Obligations include: payment of outstanding amounts; complete de-identification; return of confidential information; for a sufficient period (up to 60 days) to allow us to determine if you are complying with post-termination obligations or allow us to exercise our right to purchase the VICTORY LANE® Center Business, you must refrain from selling, leasing, encumbering or disposing of, gifting or making available to any third party, the furniture, fixtures, equipment, lease, real property, inventory or personal property (also see (r) below). You also consent to our obtaining injunctive relief to enforce post-termination rights.
j. Assignment of contract by franchisor	Section 15.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	Section 15.2	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or the VICTORY LANE® Center Business.
l. Franchisor approval of transfer by franchisee	Section 15.2, 15.3 and 15.4	We have the right to approve all transfers, even to an entity controlled by you.
m. Conditions for franchisor approval of transfer	Section 15.3	New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to be bound by terms and conditions of Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require, including general releases (also see (r) below).

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.8	We can match any offer for an ownership interest in you, your Franchise Agreement or your VICTORY LANE® Center Business provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.
o. Franchisor's option to purchase franchisee's business	Section 17.5	We have the option to buy the VICTORY LANE® Center Business, including leasehold rights to the Site, at book value after our termination, or your termination without cause, of the agreement. <u>We may assign this option to purchase in our sole discretion.</u>
p. Death or disability of franchisee	Sections 15.5 and 15.6	The Franchise or an ownership interest in you must be assigned to an approved buyer within six months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.
q. Non-competition covenants during the term of the Franchise	Section 10	No interest in a competitive business, no controlling ownership interest in, or performance of services for, a competitive business anywhere, subject to applicable state law. A " <u>Competitive Business</u> " means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Marketing Area (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Marketing Area (including, but not limited to, the services we authorize), but excludes a VICTORY LANE® Center Business operating pursuant to a franchise agreement with us. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller or the like for any business franchising or licensing Competitive Businesses other than us.



Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the Franchise is terminated or expires	Section 17.4	No interest in Competitive Businesses for two years commencing on the effective date of termination or expiration at, or within (a) the Site; (b) the Marketing Area (c) 25 miles of the Site or Marketing Area (d) 25 miles of any VICTORY LANE® Center that is then under construction or in operation (same restrictions apply after assignment), subject to applicable state law.
s. Modification of agreement	Section 21.18	No modifications except by written agreement, but the Brand Standards Manuals and System Standards are subject to change.
t. Integration/merger clause	Section 21.18; Services Agreement, <u>Exhibit H-7</u> Section 15	Only the terms of the Franchise Agreement (including the Brand Standards Manuals, System Standards, addenda and exhibits) are binding. Any other statements or promises not in the Franchise Agreement, the agreements which are exhibits to this Franchise Disclosure Document, or in this Franchise Disclosure Document may not be enforceable. Nothing in the Franchise Agreement or in any related agreements is intended to disclaim the representations we made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 21	Except for disputes relating to (a) use of the Marks or Copyrighted Works; (b) obligations upon termination or expiration according to the current commercial rules of the American Arbitration Association (“AAA”); (c) violation of Confidentiality and non-competition provisions, all disputes and controversies are to be resolved by arbitration, subject to applicable state law.
v. Choice of forum	Section 21.4; Services Agreement Section 13	Arbitration in the principal city closest to our principal place of business (currently, Plymouth, Michigan); litigation in any state or federal court of competent jurisdiction located in Wayne County, Michigan, subject to applicable state law.
w. Choice of law	Section 21.12; Services Agreement, <u>Exhibit H-7</u> Section 13	The law of the state where the VICTORY LANE® Center Business is located, subject to applicable state law.

### THE AREA DEVELOPER RELATIONSHIP

This table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	Sections 2.1 and 3.3	Until the expiration or termination of the Area Development Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable.
c. Requirements for area developer to renew or extend	Not applicable	Not applicable.
d. Termination by area developer	Not applicable	You may terminate under any grounds permitted by law.
e. Termination by franchisor without “cause”	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 9	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement or any other agreement with us, or if you fail to comply with the Development Schedule on two or more occasions.
g. “Cause” defined – curable defaults	Section 9	Failure to comply with any other provision of the Area Development Agreement and do not cure within 30 days’ after written notice.
h. “Cause” defined – non-curable defaults	Section 9	Failure to meet development obligations; any unauthorized assignment or transfer of the Area Development Agreement or ownership interest in you or in your or an affiliate’s VICTORY LANE® Center Business or Franchise Agreement; and material misrepresentation or omission; failure to perform any lease or sublease; failure to commence construction of, build out and open your first VICTORY LANE® Center Business within the time period set forth in the Franchise Agreement; assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due; engaging in dishonest or unethical conduct which may adversely affect the reputation or goodwill of VICTORY LANE® Centers Business associated with the Marks; conviction, or plea of no contest to, a felony; dishonest or unethical conduct; repeated defaults (even if cured); or termination of a Franchise Agreement.
i. Area Developer’s obligations on termination/non-renewal	Section 10	You must cease all development activities and you will no longer have any Development Area.

Provision	Section in Area Development Agreement	Summary
j. Assignment of contract by franchisor	Section 11.1	No restriction on our right to assign.
k. "Transfer" by area developer – definition	Section 11.2	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Area Development Agreement.
l. Franchisor approval of transfer by area developer	Section 11.5	You may not assign the Area Development Agreement or any rights to the Development Area without our prior written approval.
m. Conditions for franchisor approval of transfer	Section 11.5	Transferee must have sufficient business experience, aptitude and financial resources; you must transfer all VICTORY LANE® Center Businesses you have developed under the Area Development Agreement; pay any amounts owed to us and our affiliates; transferee must complete training; you must sign a general release; we must approve of material terms of transfer; pay a transfer fee; you must provide us with all transfer documents at least 30 business days prior to the transfer.
n. Franchisor's right of first refusal to acquire area developer's business	Not applicable	Not applicable.
o. Franchisor's option to purchase area developer's business	Not applicable	Not applicable.
p. Death or disability of area developer	Section 11.6	Area Development Agreement or an ownership interest in you must be assigned to an approved buyer within six months, subject to our right of first refusal.
q. Non-competition covenants during the term of the Franchise	Section 7.1	No engaging in or performing services for, a Competitive Business anywhere; no interest in a Competitive Business except under Franchise Agreements with us; no interest in any entity granted or granting franchises or licenses to operate any Competitive Business; no soliciting, diverting, taking away or interfering with any of the business, customers, clients, contractors, referral sources, trade patronage of ours, our affiliates or our franchisees, subject to applicable state law.
r. Non-competition covenants after the Franchise is terminated or expires	Section 10.2	No interest in competing business for two years within: (i) the Development Area; (ii) the Development Area of any other Development Business; and (iii) 25 miles of any Site or any other VICTORY LANE® Center Business' Site or Marketing Area in operation or development (same restrictions apply after assignment), subject to applicable state law.

Provision	Section in Area Development Agreement	Summary
s. Modification of agreement	Section 13.14	No modifications except by written agreement, but the Brand Standards Manuals and System Standards are subject to change.
t. Integration/merger clause	Section 13.14	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside this Franchise Disclosure Document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 13.5	In accordance with the terms and conditions of the initial franchise agreement, subject to applicable state law.
v. Choice of forum	Section 13.9	Arbitration in the principal city closest to our principal place of business (currently, Plymouth, Michigan); litigation in any state or federal court of competent jurisdiction located in Wayne County, Michigan, subject to applicable state law.
w. Choice of law	Sections 13.8	The law of the state where the first VICTORY LANE® Center Business developed under the Area Development Agreement is located, subject to applicable state law.

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 will present information on certain franchised VICTORY LANE® Centers (“Franchised Locations”) and VICTORY LANE® Centers owned by our affiliates (“Affiliate-Owned Locations”). Franchised Locations will share many of the same characteristics as our Affiliate-Owned Locations, including services and goods offered, except that Affiliate-Owned Locations do not pay Royalty Fees or System Development Fees, and are not subject to the local advertising suggestion.



As of December 31, ~~2024~~2023, there were ~~19~~22 Affiliate-Owned Locations and ~~17~~12 Franchised Locations. ~~Two~~One Franchised Locations were ~~Location was reacquired during by our Affiliate~~2023 (one in April and one at end of the year). ~~June 2024~~. We have reported the Franchised Location reacquired in ~~April~~June as an Affiliate-Owned Location and the one that was reacquired at the end of the year as a Franchised Location. The financial information provided in the following tables represents the actual performance of the Affiliate-Owned Locations and Franchised Locations that were open and operating the entire ~~2024~~2023 calendar year. ~~We, and~~ have included financial information for the ~~2024~~2023 calendar year. ~~No Affiliate-Owned Locations or Franchised Locations have been excluded~~. The numbers were gathered from the POS system and internal accounting records and are compiled on a cash basis. The numbers have not been audited. We have presented the operating results for the Affiliate-Owned Locations and Franchised Locations on a combined basis, and also separately reported the results of the Affiliate-Owned Locations and Franchised Locations.

<del>2024</del> 2023						
High Annual Gross Sales	Low Annual Gross Sales	Median Annual Gross Sales	Average Annual Gross Sales	Number and % that Met or Exceeded Average	Reporting Group Median Weekly Gross Sales*	Reporting Group Average Weekly Gross Sales**
\$1,453,175.83 <u>472,865.37</u>	\$204,569.49 <u>247,848.27</u>	\$546,262.03 <u>87,841.08</u>	\$594,307.09 <u>45,382.45</u>	15/43% <u>14/41</u> %%	\$10,505 <u>\$11,305</u>	\$11,429 <u>\$12,411</u>
Franchised Locations Only						
High Annual Gross Sales	Low Annual Gross Sales	Median Annual Gross Sales	Average Annual Gross Sales	Number and % that Met or Exceeded Average	Reporting Group Median Weekly Gross Sales*	Reporting Group Average Weekly Gross Sales**
\$1,453,175.83 <u>472,865.37</u>	\$204,569.49 <u>247,848.27</u>	\$581,805.48 <u>39,304.07</u>	\$630,264.28 <u>02,402.70</u>	54/33%	\$11,189 <u>12,294</u>	\$12,120 <u>\$13,508</u>
Affiliate-Owned Locations Only						
High Annual Gross Sales	Low Annual Gross Sales	Median Annual Gross Sales	Average Annual Gross Sales	Number and % that Met or Exceeded Average	Reporting Group Median Weekly Gross Sales*	Reporting Group Average Weekly Gross Sales**
\$1,007,756.13 <u>092,185.56</u>	\$260,656.31 <u>283,499.81</u>	\$511,656.82 <u>62,036.53</u>	\$567,339.21 <u>14,280.49</u>	8/409/41%	\$9,840 <u>10,808</u>	\$10,910 <u>11,813</u>

\* The Reporting Group Median Weekly Gross Sales is derived by dividing median annual gross sales of the group by 52 and is included for illustrative purposes.

\*\* -The Reporting Group Average Weekly Gross Sales is derived by dividing average annual gross sales of the group and dividing it by 52 and is included for illustrative purposes.

Notes:

1. "Gross Sales" means the total of all revenues, of your revenue, sales, and other income and consideration from the sale of all merchandise, products and services to customers whether or not sold or performed at or from the business, and whether received in cash, coupon, in services in kind, from barter

or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. Gross Sales excludes the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. Gross Sales also excludes the amount of any documented refunds, chargebacks, credits, charged tips and allowances given in good faith to customers.

2. The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. Franchisees or former franchisees, listed in this Franchise Disclosure Document, may be one source of this information.

Written substantiation of the data used in preparing this financial performance representation will be made available to you on reasonable request.

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

Other than the preceding financial performance representation, Victory Lane Quick Oil Change, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Justin Cialella, 45550 Helm St., Plymouth, MI 48170, (734) 667-4304, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary  
for Years ~~2021-2023~~2022 - 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	<del>2022</del> 2021	4315	4516	+21
	2022 <del>2023</del>	4516	4614	+12
	20232024	4614	4412	-2
Company-Owned*	<del>2022</del> 2021	19	1920	0+1
	2023 <del>2022</del>	1920	2021	+1
	20232024	2021	2122	+1
Total Outlets	<del>2022</del> 2021	3234	3436	+2
	2023 <del>2022</del>	3436	3635	+21
	20232024	3635	3534	-1

\*These outlets are owned by our affiliates.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
for Years ~~2021-2023~~2022 - 2024

State	Year	Number of Transfers
Arizona	<del>2022</del> 2021	<u>0</u> <del>1</del>
	<del>2022</del>	<u>1</u>
	2023	1
Michigan	<del>2021</del> 2024	0
	<del>2022</del>	0
	2023	0
Minnesota	2021	<u>2</u>
	<del>2022</del>	0
	2023	0
Totals	<del>2022</del> 2021	<u>2</u> <del>1</del>
	<del>2022</del>	<u>1</u>
	2023	1
	<u>2024</u>	<u>0</u>

Table No. 3

Status of Franchise Outlets  
for Years ~~2021-2023~~2022 - 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	<del>2022</del> 2021	1	<u>1</u> <del>0</del>	0	0	<u>1</u> <del>0</del>	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	20232024	1	0	0	0	0	0	1
Georgia	<del>2022</del> 2021	0	<u>0</u> <del>1</del>	0	0	0	0	<u>0</u> <del>1</del>
	<del>2023</del> 2022	<u>0</u> <del>1</del>	<u>1</u> <del>0</del>	0	0	0	0	1
	20232024	1	0	<u>0</u> <del>1</del>	0	0	0	<u>1</u> <del>0</del>
Kentucky	<del>2022</del> 2021	1	0	0	0	0	0	1
	<del>2023</del> 2022	1	0	0	0	0	0	1
	20232024	1	0	0	0	<u>0</u> <del>1</del>	0	<u>1</u> <del>0</del>
Michigan	<del>2022</del> 2021	<u>7</u> <del>9</del>	<u>2</u> <del>0</del>	0	0	<u>0</u> <del>1</del>	0	<u>9</u> <del>8</del>
	<del>2022</del>	9	0	0	0	<u>1</u>	0	8
	2023	8	0	0	0	2	0	6
	<u>2024</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Minnesota	<del>2022</del> 2021	2	0	0	0	0	0	2
	<del>2023</del> 2022	2	0	0	0	0	0	2
	20232024	2	0	0	0	0	0	2
North Carolina	<del>2022</del> 2021	1	<u>0</u>	0	0	0	0	<u>1</u>
	<del>2022</del>	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Texas	<del>2021</del> 2024	<u>1</u>	0	0	0	0	<u>1</u>	<u>0</u>
	<del>2022</del>	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Virginia	<del>2022</del> 2021	<u>0</u>	<u>1</u>	0	0	0	0	1
	<del>2022</del>	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Total</u>	20212024	<u>13</u>	<u>4</u>	0	0	<u>1</u>	<u>1</u>	<u>15</u>
<u>Total</u>	2022	15	2	0	0	1	0	16
	2023	16	0	0	0	2	0	14
	<u>2024</u>	<u>14</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>12</u>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**for Years ~~2021-2023~~2022 - 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona*	<del>2022</del> 2021	<u>0</u>	0	<u>1</u>	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	1
	20232024	1	0	0	0	0	1
Michigan*Kentucky	<del>2022</del> 2021	<u>18</u>	0	0	0	<u>1</u>	<u>17</u>
	<del>2023</del> 2022	<u>17</u>	0	<u>1</u>	0	0	<u>18</u>
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Michigan*	<del>2022</del>	<u>17</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>18</u>
	2023	18	0	2	1	0	19
	<u>2024</u>	<u>19</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19</u>
Ohio*	<del>2021</del> 2022	1	<u>1</u>	0	0	0	1
	<del>2023</del> 2022	1	0	0	0	0	1
	20232024	1	0	0	0	0	1



State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	<del>2021</del> 2022	19	0	1	0	<del>1</del> 0	<del>19</del> 20
	<del>2022</del>	<del>19</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>20</del>
	2023	20	0	2	1	0	21
	2024	<u>21</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>22</u>

\*These outlets are owned by our affiliates.

Table No. 5

Projected Openings as of  
December 31, 20232024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<u>Colorado</u>	<u>1</u>	<u>1</u>	<u>0</u>
Georgia	1*	<u>4</u> 0	0
<u>Maine</u>	<u>1</u>	<u>1</u>	<u>0</u>
Michigan	1	1	<u>0</u> 1
North Carolina	<u>3</u> 1*	<u>4</u> 0	0
<u>Ohio</u>	<u>1</u>	<u>0</u>	<u>0</u>
Texas	<u>3</u> 2	1	0
Totals	8	4	<u>0</u> 1

\*This franchisee has not communicated with us within 10 weeks of the Issuance Date.

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and telephone number of every current franchisee and every franchisee who has had a VICTORY LANE® Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, ~~2023~~2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit E. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the VICTORY LANE® System. During the last three years, we have had franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the VICTORY LANE® Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. If you buy a VICTORY LANE® Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.



**ITEM 21  
FINANCIAL STATEMENTS**

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements for the fiscal years ending December 31, ~~2023~~2024, December 31, ~~2023~~2022, and December 31, ~~2021~~2022. Our fiscal year end is December 31st.

**ITEM 22  
CONTRACTS**

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit F	-State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Victory Lane Franchise
Exhibit I	Franchise Disclosure Questionnaire

**ITEM 23  
RECEIPT**

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.



**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**



**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

**CALIFORNIA**

State Administrator and Agent for Service of Process:  
Commissioner  
Department of Financial Protection and Innovation  
320 W. 4<sup>th</sup> Street, #750  
Los Angeles, CA 90013  
(213) 576-7500  
(866) 275-2677

**HAWAII**

Commissioner of Securities of the State of Hawaii  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

Agent for Service of Process:  
Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

**ILLINOIS**

Illinois Attorney General Chief, Franchise Division  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA**

Secretary of State  
Securities Division  
Room E-018  
302 W. Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND**

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

**MARYLAND CONTINUED**

Agent for Service of Process:  
Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

**MICHIGAN**

Michigan Department of Attorney General  
Consumer Protection Division  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA**

Department of Commerce  
Commissioner of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, MN 55101-3165  
(651) 539-1600

**NEW YORK**

Administrator:  
NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

Agent for Service of Process:  
Secretary of State  
99 Washington Avenue  
Albany, NY 12231

**NORTH DAKOTA**

Administrator:  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

Agent for Service of Process:  
Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510

**RHODE ISLAND**

Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, RI 02920  
(401) 462-9527

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 E. Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219

Agent for Service of Process:  
Clerk of the State Corporation Commission  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

**WASHINGTON**

State Administrator:  
Washington Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504-1200  
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, WA 98501

**WISCONSIN**

Department of Financial Institutions  
Division of Securities  
201 W. Washington Avenue  
Madison, WI 53703  
(608) 266-3364



**EXHIBIT B**

**FINANCIAL STATEMENTS**



**VICTORY LANE QUICK OIL CHANGE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2024 and 2023**



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**DOYLE & ASSOCIATES, PLLC**  
Certified Public Accountants • Business Advisors

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Victory Lane Quick Oil Change, Inc.  
Canton, Michigan

**Opinion**

We have audited the accompanying financial statements of *Victory Lane Quick Oil Change, Inc.* (a Michigan C-corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, stockholders' equity and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victory Lane Quick Oil Change, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statements, effective January 1, 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and all related subsequent amendments thereto. Our opinion is not modified with respect to these matters.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victory Lane Quick Oil Change, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

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accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Victory Lane Quick Oil Change, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

*Doyle & Associates PLLC*

DOYLE & ASSOCIATES, PLLC  
March 22, 2025

VICTORY LANE QUICK OIL CHANGE, INC.

BALANCE SHEETS

December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 4,813	\$ 26,457
Accounts receivable	35,238	27,517
Loans receivable - related parties	<u>570,248</u>	<u>302,696</u>
Total Current Assets	<u>610,299</u>	<u>356,670</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	96,962	96,962
Leasehold improvements	<u>51,766</u>	<u>13,766</u>
Total Property and Equipment	148,728	110,728
Less: Accumulated depreciation	<u>(108,045)</u>	<u>(102,974)</u>
Net Property and Equipment	<u>40,683</u>	<u>7,754</u>
<b>OTHER ASSETS</b>		
Operating lease right-of-use assets	147,260	155,194
Deferred income taxes	<u>11,428</u>	<u>13,464</u>
Total Other Assets	<u>158,688</u>	<u>168,658</u>
<b>TOTAL ASSETS</b>	<u>\$ 809,670</u>	<u>\$ 533,082</u>

The accompanying notes are an integral part of these combined financial statements.

**LIABILITIES AND EQUITY**

	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,480	\$ 55,898
Gift card payable	2,689	2,689
Accrued payroll	22,095	14,816
Accrued interest	4,393	11,973
Income tax payable	15,700	84,000
Deferred franchise fees	22,103	19,206
Loans payable - related parties	15,182	15,532
Operating lease liabilities - current portion	8,477	7,934
Notes payable - current portion	490,282	119,219
Total Current Liabilities	<u>591,401</u>	<u>331,267</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred income taxes	10,472	1,996
Deferred franchise fees	289,965	193,982
Operating lease liabilities - net of current portion	138,783	147,260
Notes payable - net of current portion	176,218	662,901
Total Long-Term Liabilities	<u>615,438</u>	<u>1,006,139</u>
<b>TOTAL LIABILITIES</b>	<u>1,206,839</u>	<u>1,337,406</u>
<b>EQUITY</b>		
Common stock - \$10 par; 100 shares authorized; 16 shares issued and outstanding	160	160
Accumulated deficit	(397,329)	(804,484)
<b>TOTAL EQUITY</b>	<u>(397,169)</u>	<u>(804,324)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 809,670</u>	<u>\$ 533,082</u>

VICTORY LANE QUICK OIL CHANGE, INC

STATEMENTS OF INCOME

For the Years Ended December 31, 2024 and 2023

	2024		2023	
	Amount	Percent of Sales	Amount	Percent of Sales
<b>FRANCHISE REVENUE</b>	\$ 1,779,190	100.0 %	\$ 1,627,847	100.0 %
Operating Expenses	1,276,531	70.7	1,145,508	69.1
<b>OPERATING INCOME</b>	<u>502,659</u>	<u>29.3</u>	<u>482,339</u>	<u>30.9</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	11,647	0.7	6,531	0.4
Interest expense	(43,017)	(2.4)	(57,188)	(3.5)
Miscellaneous income	85,363	4.8	22,455	1.4
Total Other Income (Expenses)	<u>53,993</u>	<u>3.1</u>	<u>(28,202)</u>	<u>(1.7)</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>556,652</u>	<u>32.4</u>	<u>454,137</u>	<u>29.2</u>
<b>INCOME TAXES</b>				
Current	138,985	7.8	121,983	7.5
Deferred	<u>10,512</u>	<u>0.6</u>	<u>455</u>	<u>-</u>
Total Income Taxes	<u>149,497</u>	<u>8.4</u>	<u>122,438</u>	<u>7.5</u>
<b>NET INCOME</b>	<u>\$ 407,155</u>	<u>24.0 %</u>	<u>\$ 331,699</u>	<u>21.7 %</u>

The accompanying notes are an integral part of these combined financial statements.

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VICTORY LANE QUICK OIL CHANGE, INC.

STATEMENTS OF STOCKHOLDER'S DEFICIT

For the Years Ended December 31, 2024 and 2023

	Common Stock		Accumulated Deficit	Total
	Shares	Amount		
<b>Balances - January 1, 2023</b>	\$ 16	\$ 160	\$ (1,136,183)	\$ (1,136,023)
Net income	-	-	331,699	331,699
<b>Balances - December 31, 2023</b>	16	160	(804,484)	(804,324)
Net income	-	-	407,155	407,155
<b>Balances - December 31, 2024</b>	\$ 16	\$ 160	\$ (397,329)	\$ (397,169)

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 407,155	\$ 331,699
Adjustments to reconcile net income to cash flows of operating activities:		
Depreciation and amortization	5,071	7,707
Amortization of deferred loan costs	3,764	4,128
Deferred income taxes	10,512	455
Changes in operating assets and liabilities which provided cash:		
Accounts receivable	(7,721)	(2,776)
Franchise fee receivable	-	64,593
Accounts payable	(45,418)	(91,673)
Deferred franchise fee	98,880	(85,956)
Accrued expenses	(301)	(4,140)
Income taxes	(68,300)	76,400
Net cash provided by operating activities	403,662	300,437
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(38,000)	-
Net change in amounts due from related parties	(267,552)	(109,888)
Net cash (used) by investing activities	(305,552)	(109,888)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(119,404)	(112,014)
Net borrowings (repayments) on amounts due to related parties	(350)	(53,126)
Net cash (used) by financing activities	(119,754)	(165,140)
Net increase (decrease) in cash and cash equivalents	(21,644)	25,409
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	26,457	1,048
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,813	\$ 26,457
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 50,597	\$ 58,435
Income taxes paid	\$ 207,162	\$ 45,583

The accompanying notes are an integral part of these combined financial statements.

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 1 – Business and Summary of Significant Accounting Policies**

Nature of Business

Victory Lane Quick Oil Change, Inc. (the Company) is the franchisor of thirty-six Victory Lane Quick Oil Change retail stores which offer oil changes. Twenty of the franchised outlets are owned by companies under common control.

Basis of Presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, under the accrual method of accounting, revenues and expense are identified with specific periods of time and are recorded as incurred, or received unconditionally, along with acquired assets and incurred liabilities, without regard to the date of receipt or payment of cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with maturity dates of three months or less. The Company maintains cash balances at a financial institution and at times the balances may exceed the coverage limit of the Federal Deposit Insurance Corporation (FDIC). At December 31, 2024 and 2023, the Company had no cash balances held at the financial institution that were in excess of FDIC insurance limits.

Accounts Receivable

The Company's accounts receivable are stated at net invoice amounts. The Company does not charge interest or finance charges on its accounts receivable. The Company has established an allowance for credit losses based on management's calculations of expected receipts using historical loss rates adjusted for current economic conditions. The allowance at December 31, 2024 and 2023 is \$0 and \$0, respectively.

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

Notes and Loan Receivables

The Company's accounts for notes and loans receivable on an accrual basis. Interest is accrued based on the stated interest rate of the note.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the various methods over the estimated useful lives of the assets ranging from 5 to 39 years. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. Repair and maintenance expenditures are charges to expense as incurred.

Fair Value of Financial Instruments Approximates Carrying Value

The Company's financial instruments are cash and cash equivalents, accounts receivable and payable, line-of-credit, and notes payable. The recorded values of cash and cash equivalents, accounts receivable and payable approximate their fair values based on their short-term nature. The recorded value of line-of-credit and notes payable approximates its fair value, as interest approximates market rates.

Advertising

Advertising is expensed as the costs are incurred. Total advertising costs charged to expense for the years ended December 31, 2024 and 2023 were \$105,032 and \$138,485, respectively.

Income Taxes

The Company accounts for income taxes in accordance with current accounting standards (see Note 7).

The Company's U.S. Federal income tax returns prior to 2021 are closed under the three year statute of limitations. The Company's State of Michigan returns are open for the past four years under the statute of limitations. There are no Federal or state tax returns currently under examination.

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

The Company follows the Income Taxes Topic of the ASC. As a result, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. Accounting principles generally accepted in the United States of America only allow the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Company's management has reviewed their tax positions and determines there were no outstanding, or retroactive, tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the financial statements. The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not incur any interest or penalties relating to income taxes for the years ended December 31, 2024 and 2023.

Federal and state income taxes are provided for and the tax effects of transactions are reported in the financial statements and consist of taxes currently due, plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

Leases

Leases are categorized at their inception as either operating or financing leases. Lease agreements include the Company's operating facilities and equipment. Operating leases are included as right-of use assets, current portion of lease liabilities, and long-term lease liabilities on the balance sheet. Finance leases are included as a fixed asset, current liabilities, and long-term liabilities on the balance sheet.

Leased assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating right-of-use assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. The Company uses a secured incremental borrowing rate as a discount rate for present value of the lease payments when the rate implicit in the contract is not readily determinable. The Company determines a secure rate on an annual basis and updates the weighted average discount rate accordingly. Leases that have a term of twelve months or less upon commencement date are considered short-term in nature. Accordingly, short-term leases are not included on the balance sheets and expensed on a straight-line basis over the lease term, which commences on the date the Company has the right to control the property.

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VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 1 – Business and Summary of Significant Accounting Policies** – continued

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 22, 2025 which is the date the financial statements were available.

Recently Adopted Accounting Pronouncements

On January 1, 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and all related subsequent amendments thereto. This ASU replaced the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) method. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Company, the ASU applies to the measurement of its accounts receivable. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balances to the net amount expected to be collected over the lives of the receivables. The Company adopted the new standard using the modified retrospective approach. For the Company, there was no transition adjustment related to the adoption of CECL.

**Note 2 – Revenue Recognition**

The Company generates all revenues from contracts with franchisees, primarily as a result of the sale of a franchise and ongoing royalty and advertising fees. The Company derives its revenue mainly from franchised quick-lube operations. For the years ended December 31, 2024 and 2023, approximately 82% and 86%, respectively, of the Company's revenue was from royalties received from franchisees; approximately 10% and 11%, respectively, was from advertising fees received from franchisees; and approximately 8% and 3%, respectively, was from the sale or transfer of franchises.

Revenue is measured as the amount of consideration expected to be received in exchange for services performed. Costs related to obtaining sales contracts are incidental and are expensed as incurred. Because franchisees are invoiced at the time services are performed and the Companies' right to consideration is unconditional at that time, the Companies do not maintain contract asset balances. As of December 31, 2024 and 2023, the Company's contract liabilities primarily relate to cash received under initial franchise agreements from the sale of a franchise related to site selection and training that has not yet been delivered and for licensing for which revenue is

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VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 2 – Revenue Recognition** – continued

recognized over time. Changes in the Company's contract liabilities, which are included in "deferred franchise fees" in the Company's balance sheet, are as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Balance at beginning of year	\$ 213,188	\$ 299,144
Increase due to cash received from franchisees	249,000	-
Decreases due to recognition of revenue	(138,620)	(36,956)
Decreases due to write-offs	(11,500)	(49,000)
Contract liabilities at end of year	<u>\$ 312,068</u>	<u>\$ 213,188</u>

The primary performance obligations related to franchised quick-lube operations include the license of intellectual property, which provides access to the Victory Lane Quick Oil Change brand and proprietary information to operate service center stores over the term of a franchise agreement. Each performance obligation is distinct, and franchisees generally receive and consume the benefits provided by the Companies' performance over the course of the franchise agreement, which typically ranges from 10 to 15 years. Billings and payments occur monthly for the royalty and advertising fees.

In exchange for the license of the Company's intellectual property, franchisees generally remit initial fees upon signing the first and initial franchise agreement and royalties and advertising fees at a contractual rate of the applicable service center store sales over the term of the franchise agreement. The initial fees upon opening a service center consist of three separate and distinct performance obligations – site selection, training, and licensing. The site selection and training portion of the initial fees are recognized at a point in time as the services are delivered and the licensing portion is recognized over time evenly throughout the term of the franchise agreement. The license provides access to the intellectual property over the term of the franchise agreement and is considered a right-to-access license of symbolic intellectual property as substantially all of its utility is derived from association with the Companies' past and ongoing activities. The license granted to operate each franchised services center store is the predominant item to which the royalties relate and represents a distinct performance obligations which is recognized over time as the underlying sales occur.

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 3 – Due From Related Parties**

At December 31, 2024 and 2023, the Company was owed \$570,248 and \$302,696, respectively, from various entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2024 and 2023, interest earned on these loans was \$11,647 and \$6,531, respectively.

**Note 4 – Ad Fund Payable**

Included in the royalties received from its franchisees is an amount designated for advertising. A portion of this amount is refundable to the franchisee provided they incur a certain amount of advertising cost for their franchise. Royalties for advertising is forfeited if not used by December 31. During the years ended December 31, 2024 and 2023, the amount of Ad Fund royalties forfeited was \$166,997 and \$177,229, respectively, including \$116,922 and \$105,965, respectively from related entities owned by the Company's shareholder. As of December 31, 2024 and 2023, the amount of refundable Ad Fund royalties was \$0 and \$0, respectively, including \$0 and \$0, respectively, due to related entities owned by the Company's shareholder.

**Note 5 – Due To Related Parties**

At December 31, 2024 and 2023, the Company owed \$15,182 and \$15,532, respectively, to various related entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2024 and 2023, interest accrued on these loans was \$447 and \$452, respectively.

**Note 6 – Long-term Debt**

Long-term debt at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Note payable to a former shareholder of the Company payable in monthly installments of \$3,742, including interest at 6% per annum, through July 30, 2026. The note is secured by a life insurance policy	71,056	110,409

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 6 – Long-term Debt** - continued

	<u>2024</u>	<u>2023</u>
Note payable to a bank monthly installments of \$9,423, including interest at the rate of 6.64%, through January 1, 2025, net of unamortized issuance costs of \$0 and \$3,784 as of December 31, 2024 and 2023, respectively. A balloon payment of \$445,444 is due on January 1, 2025. The note was refinanced by a related party on February 27, 2025. The note is secured by substantially all assets of the Company and the personal guarantee of the Company's shareholder. The loan is also cross-collateralized with loans owed by related entities owned by the Company's shareholder.	445,444	521,711
SBA Economic Injury Disaster Loan payable to a bank in monthly installments of \$731 beginning January 2023, including interest at the rate of 3.75%. All payments to date have been applied to accrued interest. The note is secured by substantially all assets of the Company.	<u>150,000</u>	<u>150,000</u>
Total	666,500	782,120
Less current portion	<u>(490,282)</u>	<u>(119,219)</u>
Total long-term portion	<u>\$ 176,218</u>	<u>\$ 662,901</u>

At December 31, 2024, future principal maturities are as follows:

<u>Year Ending December 31</u>	
2025	\$ 490,282
2026	32,450
2027	3,298
2028	3,421
2029	3,552
Thereafter	<u>133,499</u>
	<u>\$ 666,500</u>

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 7 – Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment and depreciation of assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The provision for income taxes consists of current and deferred taxes as follows:

	2024	2023
Current:		
Federal Income Tax	\$ 106,652	\$ 92,055
State Income Tax	32,333	29,928
Total Current	<u>138,985</u>	<u>121,983</u>
Deferred:		
Federal	8,062	349
State	2,450	106
Total deferred	<u>10,512</u>	<u>455</u>
Total provision for income taxes	<u>\$ 149,497</u>	<u>\$ 122,438</u>

Deferred income taxes are provided for income and expense items recognized in different tax years and financial reporting purposes. A summary of the deferred tax assets and liabilities included in the balance sheet as follows:

	2024	2023
Deferred Tax Asset:		
Compensation accruals	\$ 583	\$ 309
Deferred franchise fees	10,845	13,155
	<u>\$ 11,428</u>	<u>\$ 13,464</u>
Deferred Tax Liability:		
Depreciation on fixed assets	<u>\$ 10,472</u>	<u>\$ 1,996</u>

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 8 - Leases**

In February 2017, the Company began leasing office space from a related company, through common ownership, at \$1,500 per month through October 2036. The Company's operating lease components with initial or remaining terms in excess of one year were classified on the consolidated balance sheet within right of use assets, short-term lease liability and long-term lease liability for the years ended December 31, 2024 and 2023.

Total lease expense included in operating expenses in the statements of income is \$18,000 and \$18,000 for the years ended December 31, 2024 and 2023, respectively.

Other information related to our operating leases is as follows.

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	11.83 years	12.83 years
Weighted average discount rate	6.64%	6.64%

Supplemental cash flow information related to our operating leases is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash outflows from operating leases	\$ 18,000	\$ 18,000
ROU assets obtained in exchange for operating leases	\$ -	\$ -

Maturities of operating lease liabilities as of December 31, 2024 are as follows:

2025	\$ 18,000
2026	18,000
2027	18,000
2028	18,000
2029	18,000
Thereafter	<u>123,000</u>
Total lease payments	\$ 213,000
Less: discount to net present value	<u>(65,740)</u>
Present value of lease liabilities	<u>\$ 147,260</u>

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**Note 9 – Retirement Plan**

The Company sponsors a 401(k) plan covering eligible employees. Plan is funded through salary deferrals and employer matching contributions. Contributions to the plan are immediately vested. Contributions are limited based on a percentage of employee contributions. The Company's required matching contribution for the years ended December 31, 2024 and 2023 was \$6,361 and \$7,096, respectively.

**Note 10 - Related Party Transactions**

During the years ended December 31, 2024 and 2023, the Company received \$818,454 and \$763,627, respectively, of royalties from related companies, through common ownership.

During the years ended December 31, 2024 and 2023, the Company received \$11,647 and \$6,531, respectively, of interest income on loans receivable from related entities, through common ownership.

During the years ended December 31, 2024 and 2023, the Company accrued \$447 and \$452, respectively, of interest expense on loans payable to related entities, through common ownership.

During the year ended December 31, 2024 and 2023, the Company reimbursed \$0 and \$75,000, respectively, to related companies, through common ownership, for advertising costs.

**Note 11 – Contingencies and Guaranties**

The Company is a guarantor of loans owed by various related entities owned by the Company's shareholder. As of December 31, 2024, the balances of these loans were approximately \$2,354,000. The loans are secured by substantially all the assets of the related entities and the personal guaranty of the Company's shareholder. The loans are also cross-collateralized with the assets of the Company.

SUPPLEMENTARY INFORMATION



VICTORY LANE QUICK OIL CHANGE, INC.

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 2024 and 2023

	2024		2023	
	Amount	Percent of Sales	Amount	Percent of Sales
<b>OPERATING EXPENSES</b>				
Advertising	\$ 105,032	5.9 %	\$ 138,485	8.5 %
Automobile expense	8,043	0.5	14,754	0.9
Bank and credit card fees	4,027	0.2	625	-
Conventions	1,925	0.1	1,925	0.1
Depreciation and amortization	5,071	0.3	7,707	0.5
Dues and subscriptions	16,501	0.9	12,463	0.8
Employee benefits	14,579	0.8	3,905	0.2
Franchising expense	58,028	3.3	50,770	3.1
Insurance:				
General	7,111	0.4	-	-
Workers compensation	2,092	0.1	2,155	0.1
IT expense	66,046	3.7	58,861	3.6
License and permits	2,026	0.1	2,943	0.2
Meals and entertainment	10,636	0.6	11,421	0.7
Office expense	32,089	1.8	36,470	2.2
Postage and delivery	2,294	0.1	1,881	0.1
Professional fees	166,019	9.4	96,510	5.9
Retirement plan contribution	6,361	0.4	7,086	0.4
Rent	18,000	-	18,000	-
Repairs and maintenance	16,412	0.9	19,151	1.2
Salaries and wages	640,124	36.0	573,236	35.2
Storage	1,563	0.1	1,372	0.1
Taxes - payroll	46,102	2.5	41,547	2.6
Telephone	10,953	0.6	10,784	0.7
Travel	16,947	1.0	18,609	1.1
Uniforms	3,227	0.2	1,821	0.1
Utilities	14,323	0.8	13,017	0.8
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,276,531</b>	<b>70.7 %</b>	<b>\$ 1,145,508</b>	<b>69.1 %</b>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**



**VICTORY LANE QUICK OIL CHANGE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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**DOYLE & ASSOCIATES, PLLC**  
Certified Public Accountants • Business Advisors

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
Victory Lane Quick Oil Change, Inc.  
Canton, Michigan**

**Opinion**

We have audited the accompanying financial statements of **Victory Lane Quick Oil Change, Inc.** (a Michigan C-corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, stockholders' equity and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victory Lane Quick Oil Change, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statements, effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to these matters.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victory Lane Quick Oil Change, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

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intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Victory Lane Quick Oil Change, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

*Doyle & Associates PLLC*

DOYLE & ASSOCIATES, PLLC  
March 25, 2024

**VICTORY LANE QUICK OIL CHANGE, INC.**

**BALANCE SHEETS**

DECEMBER 31, 2023 and 2022

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 26,457	\$ 1,048
Accounts receivable	27,517	24,741
Franchise fee receivable	-	64,593
Loans receivable - related parties	302,696	192,808
Refundable income taxes	-	600
Total Current Assets	<u>356,670</u>	<u>283,790</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	96,962	96,962
Leasehold improvements	13,766	13,766
Total Property and Equipment	110,728	110,728
Less: Accumulated depreciation	<u>(102,974)</u>	<u>(95,267)</u>
Net Property and Equipment	<u>7,754</u>	<u>15,461</u>
<b>OTHER ASSETS</b>		
Operating lease right-of-use assets	155,194	162,619
Deferred income taxes	13,464	15,751
Total Other Assets	<u>168,658</u>	<u>178,370</u>
<b>TOTAL ASSETS</b>	<u>\$ 533,082</u>	<u>\$ 477,621</u>

The accompanying notes are an integral part of these combined financial statements.



**LIABILITIES AND EQUITY**

	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 55,898	\$ 147,571
Gift card payable	2,689	2,689
Accrued payroll	14,816	13,581
Accrued interest	11,973	17,348
Income tax payable	84,000	8,200
Deferred franchise fees	19,206	43,656
Loans payable - related parties	15,532	68,658
Operating lease liabilities - current portion	7,934	7,425
Notes payable - current portion	119,219	111,362
Total Current Liabilities	331,267	420,490
 <b>LONG-TERM LIABILITIES</b>		
Deferred income taxes	1,996	3,828
Deferred franchise fees	193,982	255,488
Operating lease liabilities - net of current portion	147,260	155,194
Notes payable - net of current portion	662,901	778,644
Total Long-Term Liabilities	1,006,139	1,193,154
<b>TOTAL LIABILITIES</b>	<b>1,337,406</b>	<b>1,613,644</b>
 <b>EQUITY</b>		
Common stock - \$10 par; 100 shares authorized; 16 shares issued and outstanding	160	160
Accumulated deficit	(804,484)	(1,136,183)
<b>TOTAL EQUITY</b>	<b>(804,324)</b>	<b>(1,136,023)</b>
 <b>TOTAL LIABILITIES AND EQUITY</b>	 <b>\$ 533,082</b>	 <b>\$ 477,621</b>

**VICTORY LANE QUICK OIL CHANGE, INC**

**STATEMENTS OF INCOME**

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Percent of Sales</u>	<u>Amount</u>	<u>Percent of Sales</u>
<b>FRANCHISE REVENUE</b>	\$ 1,627,847	100.0 %	\$ 1,451,386	100.0 %
Operating Expenses	<u>1,145,508</u>	<u>69.1</u>	<u>1,280,181</u>	<u>86.8</u>
<b>OPERATING INCOME</b>	<u>482,339</u>	<u>30.9</u>	<u>171,205</u>	<u>13.2</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	6,531	0.4	5,550	0.4
Interest expense	(57,188)	(3.5)	(64,243)	(4.4)
Miscellaneous income	<u>22,455</u>	<u>1.4</u>	<u>-</u>	<u>-</u>
Total Other Income (Expenses)	<u>(28,202)</u>	<u>(1.7)</u>	<u>(58,693)</u>	<u>(4.0)</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>454,137</u>	<u>29.2</u>	<u>112,512</u>	<u>9.2</u>
<b>INCOME TAXES</b>				
Current	121,983	7.5	26,487	1.8
Deferred	<u>455</u>	<u>-</u>	<u>548</u>	<u>-</u>
Total Income Taxes	<u>122,438</u>	<u>7.5</u>	<u>27,035</u>	<u>1.8</u>
<b>NET INCOME</b>	<u>\$ 331,699</u>	<u>21.7 %</u>	<u>\$ 85,477</u>	<u>7.4 %</u>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**STATEMENTS OF STOCKHOLDER'S DEFICIT**

For the Years Ended December 31, 2023 and 2022

	Common Stock		Accumulated Deficit	Total
	Shares	Amount		
<b>Balances- January 1, 2022</b>	\$ 16	\$ 160	\$ (1,221,660)	\$ (1,221,500)
Net income	-	-	85,477	85,477
<b>Balances - December 31, 2022</b>	16	160	(1,136,183)	(1,136,023)
Net income	-	-	331,699	331,699
<b>Balances - December 31, 2023</b>	<u>\$ 16</u>	<u>\$ 160</u>	<u>\$ (804,484)</u>	<u>\$ (804,324)</u>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 331,699	\$ 85,477
Adjustments to reconcile net income to cash flows of operating activities:		
Depreciation and amortization	7,707	7,763
Amortization of deferred loan costs	4,128	4,128
Deferred income taxes	455	548
Changes in operating assets and liabilities which provided cash:		
Accounts receivable	(2,776)	(9,785)
Franchise fee receivable	64,593	(593)
Accounts payable	(91,673)	52,762
Deferred franchise fee	(85,956)	(26,610)
Accrued expenses	(4,140)	(16,540)
Income taxes	76,400	(5,900)
Net cash provided by operating activities	300,437	91,250
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net change in amounts due from related parties	(109,888)	(10,033)
Net cash (used) by investing activities	(109,888)	(10,033)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(112,014)	(105,003)
Net borrowings (repayments) on amounts due to related parties	(53,126)	3,955
Net cash (used) by financing activities	(165,140)	(101,048)
Net increase (decrease) in cash and cash equivalents	25,409	(19,831)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,048	20,879
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 26,457	\$ 1,048
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 58,435	\$ 55,951
Income taxes paid	\$ 45,583	\$ 32,387

The accompanying notes are an integral part of these combined financial statements.

## VICTORY LANE QUICK OIL CHANGE, INC.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### **Note 1 – Business and Summary of Significant Accounting Policies**

##### Nature of Business

Victory Lane Quick Oil Change, Inc. (the Company) is the franchisor of thirty-six Victory Lane Quick Oil Change retail stores which offer oil changes. Twenty of the franchised outlets are owned by companies under common control.

##### Basis of Presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, under the accrual method of accounting, revenues and expense are identified with specific periods of time and are recorded as incurred, or received unconditionally, along with acquired assets and incurred liabilities, without regard to the date of receipt or payment of cash.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with maturity dates of three months or less. The Company maintains cash balances at a financial institution and at times the balances may exceed the coverage limit of the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, the Company had no cash balances held at the financial institution that were in excess of FDIC insurance limits.

##### Accounts Receivable

The Company's accounts receivable are stated at net invoice amounts. The Company does not charge interest or finance charges on its accounts receivable. The Company uses the allowance method to account for uncollectible accounts receivable. The allowance is based on its historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that

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**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

the determination is made. At December 31, 2023 and 2022, management determined that no allowance was needed.

Notes and Loan Receivables

The Company's accounts for notes and loans receivable on an accrual basis. Interest is accrued based on the stated interest rate of the note.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the various methods over the estimated useful lives of the assets ranging from 5 to 39 years. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. Repair and maintenance expenditures are charges to expense as incurred.

Fair Value of Financial Instruments Approximates Carrying Value

The Company's financial instruments are cash and cash equivalents, accounts receivable and payable, line-of-credit, and notes payable. The recorded values of cash and cash equivalents, accounts receivable and payable approximate their fair values based on their short-term nature. The recorded value of line-of-credit and notes payable approximates its fair value, as interest approximates market rates.

Advertising

Advertising is expensed as the costs are incurred. Total advertising costs charged to expense for the years ended December 31, 2023 and 2022 were \$138,485 and \$273,250, respectively.

Income Taxes

The Company accounts for income taxes in accordance with current accounting standards (see Note 9).

The Company's U.S. Federal income tax returns prior to 2020 are closed under the three year statute of limitations. The Company's State of Michigan returns are open for the past four years under the statute of limitations. There are no Federal or state tax returns currently under examination.

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**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

The Company follows the Income Taxes Topic of the ASC. As a result, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. Accounting principles generally accepted in the United States of America only allow the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Company's management has reviewed their tax positions and determines there were no outstanding, or retroactive, tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the financial statements. The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not incur any interest or penalties relating to income taxes for the years ended December 31, 2023 and 2022.

Federal and state income taxes are provided for and the tax effects of transactions are reported in the financial statements and consist of taxes currently due, plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

**Leases**

On January 1, 2022, the Company adopted ASU No. 2016-02, *Leases*. Prior to January 1, 2022, the Company recognized lease expense in accordance with FASB ASC Topic 840, *Leases*. Refer to "Recently Adopted Accounting Pronouncements" regarding the adoption impact of ASC Topic 842.

The Company determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets include operating leases. Lease liabilities for operating leases are classified in "short-term lease liabilities" and "long-term lease liabilities" on the balance sheet. ROU assets and related liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date, in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease and non-lease components are generally accounted for separately for real estate leases. For non-real estate leases, the Company accounts for the lease and non-lease components as a single lease component.

## VICTORY LANE QUICK OIL CHANGE, INC.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### Note 1 – Business and Summary of Significant Accounting Policies – continued

##### Recently Adopted Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Company did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of \$169,569 of operating lease ROU assets and a total of \$169,569 of current and long-term operating lease liabilities on the balance sheet as of January 1, 2022. No cumulative effect adjustment to retained earnings as of January 1, 2022 was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

As part of the transition, the Company elected to apply the following practical expedients:

##### Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases

##### Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases of office space, warehouses, and vehicles
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs

##### Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 25, 2024 which is the date the financial statements were available.

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**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 2 – Revenue Recognition**

The Company generates all revenues from contracts with franchisees, primarily as a result of the sale of a franchise and ongoing royalty and advertising fees. The Company derives its revenue mainly from franchised quick-lube operations. For the years ended December 31, 2023 and 2022, approximately 86% and 84%, respectively, of the Company’s revenue was from royalties received from franchisees; approximately 11% and 11%, respectively, was from advertising fees received from franchisees; and approximately 3% and 5%, respectively, was from the sale or transfer of franchises.

Revenue is measured as the amount of consideration expected to be received in exchange for services performed. Costs related to obtaining sales contracts are incidental and are expensed as incurred. Because franchisees are invoiced at the time services are performed and the Companies’ right to consideration is unconditional at that time, the Companies do not maintain contract asset balances. As of December 31, 2023 and 2022, the Company’s contract liabilities primarily relate to cash received under initial franchise agreements from the sale of a franchise related to site selection and training that has not yet been delivered and for licensing for which revenue is recognized over time. Changes in the Company’s contract liabilities, which are included in “deferred franchise fees” in the Company’s balance sheet, are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Balance at beginning of year	\$ 299,144	\$ 325,754
Increase due to cash received from franchisees	-	9,875
Decreases due to recognition of revenue	(36,956)	(36,485)
Decreases due to write-off’s	(49,000)	-
Contract liabilities at end of year	\$ 213,188	\$ 299,144

The primary performance obligations related to franchised quick-lube operations include the license of intellectual property, which provides access to the Victory Lane Quick Oil Change brand and proprietary information to operate service center stores over the term of a franchise agreement. Each performance obligation is distinct, and franchisees generally receive and consume the benefits provided by the Companies’ performance over the course of the franchise agreement, which typically ranges from 10 to 15 years. Billings and payments occur monthly for the royalty and advertising fees.

In exchange for the license of the Company’s intellectual property, franchisees generally remit initial fees upon signing the first and initial franchise agreement and royalties and



**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 2 – Revenue Recognition – continued**

advertising fees at a contractual rate of the applicable service center store sales over the term of the franchise agreement. The initial fees upon opening a service center consist of three separate and distinct performance obligations – site selection, training, and licensing. The site selection and training portion of the initial fees are recognized at a point in time as the services are delivered and the licensing portion is recognized over time evenly throughout the term of the franchise agreement. The license provides access to the intellectual property over the term of the franchise agreement and is considered a right-to-access license of symbolic intellectual property as substantially all of its utility is derived from association with the Companies' past and ongoing activities. The license granted to operate each franchised services center store is the predominant item to which the royalties relate and represents a distinct performance obligations which is recognized over time as the underlying sales occur.

**Note 3 – Due From Related Parties**

At December 31, 2023 and 2022, the Company was owed \$302,696 and \$192,808, respectively, from various entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2023 and 2022, interest earned on these loans was \$6,531 and \$5,550, respectively.

**Note 4 – Ad Fund Payable**

Included in the royalties received from its franchisees is an amount designated for advertising. A portion of this amount is refundable to the franchisee provided they incur a certain amount of advertising cost for their franchise. Royalties for advertising is forfeited if not used by December 31. During the years ended December 31, 2023 and 2022, the amount of Ad Fund royalties forfeited was \$177,229 and \$161,452, respectively, including \$105,965 and \$96,059, respectively from related entities owned by the Company's shareholder. As of December 31, 2023 and 2022, the amount of refundable Ad Fund royalties was \$0 and \$0, respectively, including \$0 and \$0, respectively, due to related entities owned by the Company's shareholder.

**Note 5 – Due To Related Parties**

At December 31, 2023 and 2022, the Company owed \$15,532 and \$68,658, respectively, to various related entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2023 and 2022, interest accrued on these loans was \$452 and \$1,964, respectively.

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**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 6 – Long-term Debt**

Long-term debt at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Note payable to a former shareholder of the Company payable in monthly installments of \$3,742, including interest at 6% per annum, through July 30, 2026. The note is secured by a life insurance policy	110,409	147,477
 Note payable to a bank monthly installments of \$9,423, including interest at the rate of 6.64%, through January 1, 2025, net of unamortized issuance costs of \$3,784 and \$7,912 as of December 31, 2023 and 2022, respectively. A balloon payment of \$447,592 is due on January 1, 2025. The note is secured by substantially all assets of the Company and the personal guarantee of the Company's shareholder. The loan is also cross-collateralized with loans owed by related entities owned by the Company's shareholder.	 521,711	 592,529
 SBA Economic Injury Disaster Loan payable to a bank in monthly installments of \$731 beginning January 2023, including interest at the rate of 3.75%. The note is secured by substantially all assets of the Company.	 150,000	 150,000
Total	782,120	890,006
Less current portion	(119,219)	(111,362)
Total long-term portion	\$ 662,901	\$ 778,644

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 6 – Long-term Debt - continued**

At December 31, 2023, future principal maturities are as follows:

<u>Year Ended December 31,</u>	
2024	\$ 119,219
2025	490,151
2026	32,726
2027	3,582
2028	3,719
Thereafter	<u>132,723</u>
	<u>\$ 782,120</u>

**Note 7 – Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment and depreciation of assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The provision for income taxes consists of current and deferred taxes as follows:

	December 31, 2023	December 31, 2022
<b>Current:</b>		
Federal Income Tax	\$ 92,055	\$ 21,963
State Income Tax	<u>29,928</u>	<u>4,524</u>
Total Current	<u>121,983</u>	<u>26,487</u>
<b>Deferred:</b>		
Federal	349	420
State	<u>106</u>	<u>128</u>
Total deferred	<u>455</u>	<u>548</u>
Total provision for income taxes	<u>\$ 122,438</u>	<u>\$ 27,035</u>

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 7 – Income Taxes** - continued

Deferred income taxes are provided for income and expense items recognized in different tax years and financial reporting purposes. A summary of the deferred tax assets and liabilities included in the balance sheet as follows:

	December 31, 2023	December 31, 2022
Deferred Tax Asset:		
Compensation accruals	\$ 309	\$ 309
Deferred franchise fees	13,155	15,442
	\$ 13,464	\$ 15,751
Deferred Tax Liability:		
Depreciation on fixed assets	\$ 1,996	\$ 3,828

**Note 8 - Leases**

In February 2017, the Company began leasing office space from a related company, through common ownership, at \$1,500 per month through October 2036. Effective January 1, 2022, the Company changed its method of accounting for leases due to the adoption of ASU 2016-02, *Leases* (Topic 842). The Company's operating lease components with initial or remaining terms in excess of one year were classified on the consolidated balance sheet within right of use assets, short-term lease liability and long-term lease liability for the years ended December 31, 2023 and 2022.

Total lease expense included in operating expenses in the statements of income is \$18,000 and \$18,000 for the years ended December 31, 2023 and 2022, respectively.

Other information related to our operating leases is as follows:

	2023	2022
Weighted average remaining lease term	12.83 years	13.83 years
Weighted average discount rate	6.64%	6.64%

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 8 – Leases** - continued

Supplemental cash flow information related to our operating leases is as follows:

	2023	2022
Operating cash outflows from operating leases	\$ 18,000	\$ 18,000
ROU assets obtained in exchange for operating leases	\$ -	\$ 169,569

Maturities of operating lease liabilities as of December 31, 2023 are as follows:

2024	\$ 18,000
2025	18,000
2026	18,000
2027	18,000
2028	18,000
Thereafter	141,000
Total lease payments	\$ 231,000
Less: discount to net present value	(75,806)
Present value of lease liabilities	\$ 155,194

**Note 9 – Retirement Plan**

The Company sponsors a 401(k) plan covering eligible employees. Plan is funded through salary deferrals and employer matching contributions. Contributions to the plan are immediately vested. Contributions are limited based on a percentage of employee contributions. The Company's required matching contribution for the years ended December 31, 2023 and 2022 was \$7,096 and \$7,396, respectively.

**Note 10 - Related Party Transactions**

During the years ended December 31, 2023 and 2022, the Company received \$763,627 and \$672,413, respectively, of royalties from related companies, through common ownership.

During the years ended December 31, 2023 and 2022, the Company received \$6,531 and \$5,550, respectively, of interest income on loans receivable from related entities, through common ownership.

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**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

**Note 10 - Related Party Transactions - continued**

During the years ended December 31, 2023 and 2022, the Company accrued \$452 and \$1,964, respectively, of interest expense on loans payable to related entities, through common ownership.

During the years ended December 31, 2023 and 2022, the Company reimbursed \$0 and \$6,000, respectively, to related companies, through common ownership, for payroll and related taxes.

During the year ended December 31, 2023 and 2022, the Company reimbursed \$75,000 and \$183,793, respectively, to related companies, through common ownership, for advertising costs.

**Note 11 – Contingencies and Guaranties**

The Company is a guarantor of loans owed by various related entities owned by the Company's shareholder. As of December 31, 2023, the balances of these loans were approximately \$2,750,000. The loans are secured by substantially all the assets of the related entities and the personal guaranty of the Company's shareholder. The loans are also cross-collateralized with the assets of the Company.

**SUPPLEMENTARY INFORMATION**



**VICTORY LANE QUICK OIL CHANGE, INC.**

**SCHEDULE OF OPERATING EXPENSES**

For the Years Ended December 31, 2023 and 2022

	2023		2022	
	Amount	Percent of Sales	Amount	Percent of Sales
<b>OPERATING EXPENSES</b>				
Advertising	\$ 138,485	8.5 %	\$ 273,250	18.8 %
Automobile expense	14,754	0.9	14,275	1.0
Bad debts	-	-	15,000	1.0
Bank and credit card fees	625	-	1,236	0.1
Contributions	-	-	442	-
Conventions	1,925	0.1	2,000	0.1
Depreciation and amortization	7,707	0.5	7,763	0.5
Dues and subscriptions	12,463	0.8	13,059	0.9
Employee benefits	3,905	0.2	11,213	0.8
Franchising expense	50,770	3.1	72,989	5.0
Insurance:				
General	-	-	5,550	0.4
Workers compensation	2,155	0.1	2,618	0.2
IT expense	58,861	3.6	69,834	4.8
License and permits	2,943	0.2	1,999	0.1
Meals and entertainment	11,421	0.7	17,054	1.2
Office expense	36,470	2.2	16,723	1.2
Postage and delivery	1,881	0.1	4,214	0.3
Professional fees	96,510	5.9	53,830	3.7
Retirement plan contribution	7,096	0.4	7,396	0.5
Rent	18,000	-	18,000	-
Repairs and maintenance	19,151	1.2	19,234	1.3
Salaries and wages	573,236	35.2	556,083	38.3
Storage	1,372	0.1	1,428	0.1
Taxes - payroll	41,547	2.6	41,530	2.9
Telephone	10,784	0.7	8,851	0.6
Travel	18,609	1.1	30,667	2.1
Uniforms	1,821	0.1	1,818	0.1
Utilities	13,017	0.8	12,125	0.8
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,145,508</b>	<b>69.1 %</b>	<b>\$ 1,280,181</b>	<b>86.8 %</b>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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**DOYLE & ASSOCIATES, PLLC**  
Certified Public Accountants • Business Advisors

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
Victory Lane Quick Oil Change, Inc.  
Canton, Michigan**

**Opinion**

We have audited the accompanying financial statements of **Victory Lane Quick Oil Change, Inc.** (a Michigan C-corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, stockholders' equity and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victory Lane Quick Oil Change, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statements, effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to these matters.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victory Lane Quick Oil Change, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

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intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Victory Lane Quick Oil Change, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Lane Quick Oil Change, Inc.'s ability to continue as a going concern for a reasonable period of time.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

*Doyle & Associates PLLC*

DOYLE & ASSOCIATES, PLLC  
April 20, 2023



**VICTORY LANE QUICK OIL CHANGE, INC.**

**BALANCE SHEETS**

DECEMBER 31, 2022 and 2021

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,048	\$ 20,879
Accounts receivable	24,741	14,956
Franchise fee receivable	64,593	64,000
Loans receivable - related parties	192,808	182,775
Refundable income taxes	600	-
Total Current Assets	<u>283,790</u>	<u>282,610</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Office equipment	<u>96,962</u>	<u>96,962</u>
Leasehold improvements	<u>13,766</u>	<u>13,766</u>
Total Property and Equipment	110,728	110,728
Less: Accumulated depreciation	<u>(95,267)</u>	<u>(87,504)</u>
Net Property and Equipment	<u>15,461</u>	<u>23,224</u>
 <b>OTHER ASSETS</b>		
Operating lease right-of-use assets	162,619	-
Deferred income taxes	<u>15,751</u>	<u>18,146</u>
Total Other Assets	<u>178,370</u>	<u>18,146</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 477,621</u>	 <u>\$ 323,980</u>

The accompanying notes are an integral part of these combined financial statements.



**LIABILITIES AND EQUITY**

	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 147,571	\$ 94,809
Gift card payable	2,689	2,689
Accrued payroll	13,581	12,020
Accrued expenses	-	22,266
Accrued interest	17,348	13,183
Income tax payable	8,200	13,500
Deferred franchise fees	43,656	41,024
Loans payable - related parties	68,658	64,703
Operating lease liabilities - current portion	7,425	-
Notes payable - current portion	<u>111,362</u>	<u>101,284</u>
Total Current Liabilities	<u>420,490</u>	<u>365,478</u>
<hr/>		
<b>LONG-TERM LIABILITIES</b>		
Deferred income taxes	3,828	5,675
Deferred franchise fees	255,488	284,730
Operating lease liabilities - net of current portion	155,194	-
Notes payable - net of current portion	<u>778,644</u>	<u>889,597</u>
Total Long-Term Liabilities	<u>1,193,154</u>	<u>1,180,002</u>
<b>TOTAL LIABILITIES</b>	<u>1,613,644</u>	<u>1,545,480</u>
<b>EQUITY</b>		
Common stock - \$10 par; 100 shares authorized; 16 shares issued and outstanding	160	160
Accumulated deficit	<u>(1,136,183)</u>	<u>(1,221,660)</u>
<b>TOTAL EQUITY</b>	<u>(1,136,023)</u>	<u>(1,221,500)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 477,621</u>	<u>\$ 323,980</u>

**VICTORY LANE QUICK OIL CHANGE, INC**

**STATEMENTS OF INCOME**

For the Years Ended December 31, 2022 and 2021

	December 31, 2022		December 31, 2021	
	Amount	Percent of Sales	Amount	Percent of Sales
<b>FRANCHISE REVENUE</b>	\$ 1,451,386	100.0 %	\$ 1,242,328	100.0 %
Operating Expenses	<u>1,280,181</u>	<u>86.8</u>	<u>1,085,002</u>	<u>86.0</u>
<b>OPERATING INCOME</b>	<u>171,205</u>	<u>13.2</u>	<u>157,326</u>	<u>14.0</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	5,550	0.4	5,984	0.5
Interest expense	(64,243)	(4.4)	(73,386)	(5.9)
Gain on extinguishment of debt	-	-	-	-
Total Other Income (Expenses)	<u>(58,693)</u>	<u>(4.0)</u>	<u>(67,402)</u>	<u>(5.4)</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>112,512</u>	<u>9.2</u>	<u>89,924</u>	<u>8.6</u>
<hr/>				
<b>INCOME TAXES</b>				
Current	26,487	1.8	25,879	2.1
Deferred	<u>548</u>	<u>-</u>	<u>(1,434)</u>	<u>(0.1)</u>
Total Income Taxes	<u>27,035</u>	<u>1.8</u>	<u>24,445</u>	<u>2.0</u>
<b>NET INCOME</b>	<u>\$ 85,477</u>	<u>7.4 %</u>	<u>\$ 65,479</u>	<u>6.6 %</u>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**STATEMENTS OF STOCKHOLDER'S DEFICIT**

For the Years Ended December 31, 2022 and 2021

	Common Stock		Accumulated	Total
	Shares	Amount	Deficit	
<b>Balances- January 1, 2021</b>	\$ 16	\$ 160	\$ (1,287,139)	\$ (1,286,979)
Net income	-	-	65,479	65,479
<b>Balances - December 31, 2021</b>	16	160	(1,221,660)	(1,221,500)
Net income	-	-	85,477	85,477
<b>Balances - December 31, 2022</b>	<u>\$ 16</u>	<u>\$ 160</u>	<u>\$ (1,136,183)</u>	<u>\$ (1,136,023)</u>

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2022 and 2021

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 85,477	\$ 65,479
Adjustments to reconcile net income to cash flows of operating activities:		
Depreciation and amortization	7,763	17,179
Amortization of deferred loan costs	4,128	4,128
Deferred income taxes	548	(1,434)
Changes in operating assets and liabilities which provided cash:		
Accounts receivable	(9,785)	(5,265)
Franchise fee receivable	(593)	25,000
Accounts payable	52,762	18,688
Deferred franchise fee	(26,610)	92,315
Accrued expenses	(16,540)	33,629
Income taxes	(5,900)	13,700
Net cash provided by operating activities	<u>91,250</u>	<u>263,419</u>
<hr/>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(1,953)
Net change in amounts due from related parties	(10,033)	(23,634)
Net borrowings (repayments) on loans to shareholder	-	62,090
Net cash provided (used) by investing activities	<u>(10,033)</u>	<u>36,503</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(105,003)	(98,415)
Net borrowings (repayments) on amounts due to related parties	3,955	(181,531)
Net cash (used) by financing activities	<u>(101,048)</u>	<u>(279,946)</u>
Net increase (decrease) in cash and cash equivalents	(19,831)	19,976
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>20,879</u>	<u>903</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,048</u>	<u>\$ 20,879</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 55,951	\$ 64,172
Income taxes paid	\$ 32,387	\$ 12,179

The accompanying notes are an integral part of these combined financial statements.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 1 – Business and Summary of Significant Accounting Policies**

Nature of Business

Victory Lane Quick Oil Change, Inc. (the Company) is the franchisor of thirty-six Victory Lane Quick Oil Change retail stores which offer oil changes. Twenty of the franchised outlets are owned by companies under common control.

Basis of Presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, under the accrual method of accounting, revenues and expense are identified with specific periods of time and are recorded as incurred, or received unconditionally, along with acquired assets and incurred liabilities, without regard to the date of receipt or payment of cash.

Use of Estimates

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The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with maturity dates of three months or less. The Company maintains cash balances at a financial institution and at times the balances may exceed the coverage limit of the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022 and 2021, the Company had no cash balances held at the financial institution that were in excess of FDIC insurance limits.

Accounts Receivable

The Company's accounts receivable are stated at net invoice amounts. The Company does not charge interest or finance charges on its accounts receivable. The Company uses the allowance method to account for uncollectible accounts receivable. The allowance is based on its historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

the determination is made. At December 31, 2022 and 2021, management determined that no allowance was needed.

Notes and Loan Receivables

The Company's accounts for notes and loans receivable on an accrual basis. Interest is accrued based on the stated interest rate of the note.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the various methods over the estimated useful lives of the assets ranging from 5 to 39 years. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. Repair and maintenance expenditures are charges to expense as incurred.

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Fair Value of Financial Instruments Approximates Carrying Value

The Company's financial instruments are cash and cash equivalents, accounts receivable and payable, line-of-credit, and notes payable. The recorded values of cash and cash equivalents, accounts receivable and payable approximate their fair values based on their short-term nature. The recorded value of line-of-credit and notes payable approximates its fair value, as interest approximates market rates.

Advertising

Advertising is expensed as the costs are incurred. Total advertising costs charged to expense for the years ended December 31, 2022 and 2021 were \$273,250 and \$179,826, respectively.

Income Taxes

The Company accounts for income taxes in accordance with current accounting standards (see Note 9).

The Company's U.S. Federal income tax returns prior to 2019 are closed under the three year statute of limitations. The Company's State of Michigan returns are open for the past four years under the statute of limitations. There are no Federal or state tax returns currently under examination.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

The Company follows the Income Taxes Topic of the ASC. As a result, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. Accounting principles generally accepted in the United States of America only allow the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Company's management has reviewed their tax positions and determines there were no outstanding, or retroactive, tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the financial statements. The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not incur any interest or penalties relating to income taxes for the years ended December 31, 2022 and 2021.

Federal and state income taxes are provided for and the tax effects of transactions are reported in the financial statements and consist of taxes currently due, plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

**Leases**

On January 1, 2022, the Company adopted ASU No. 2016-02, *Leases*. Prior to January 1, 2022, the Company recognized lease expense in accordance with FASB ASC Topic 840, *Leases*. Refer to "Recently Adopted Accounting Pronouncements" regarding the adoption impact of ASC Topic 842.

The Company determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets include operating leases. Lease liabilities for operating leases are classified in "short-term lease liabilities" and "long-term lease liabilities" on the balance sheet. ROU assets and related liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date, in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease and non-lease components are generally accounted for separately for real estate leases. For non-real estate leases, the Company accounts for the lease and non-lease components as a single lease component.

VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**Note 1 – Business and Summary of Significant Accounting Policies – continued**

Recently Adopted Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Company did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of \$169,569 of operating lease ROU assets and a total of \$169,569 of current and long-term operating lease liabilities on the balance sheet as of January 1, 2022. No cumulative effect adjustment to retained earnings as of January 1, 2022 was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

As part of the transition, the Company elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases of office space, warehouses, and vehicles
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 20, 2023 which is the date the financial statements were available.

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VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**Note 2 – Revenue Recognition**

The Company generates all revenues from contracts with franchisees, primarily as a result of the sale of a franchise and ongoing royalty and advertising fees. The Company derives its revenue mainly from franchised quick-lube operations. For the years ended December 31, 2022 and 2021, approximately 84% and 79%, respectively, of the Company's revenue was from royalties received from franchisees; approximately 11% and 11%, respectively, was from advertising fees received from franchisees; and approximately 5% and 10%, respectively, was from the sale or transfer of franchises.

Revenue is measured as the amount of consideration expected to be received in exchange for services performed. Costs related to obtaining sales contracts are incidental and are expensed as incurred. Because franchisees are invoiced at the time services are performed and the Companies' right to consideration is unconditional at that time, the Companies do not maintain contract asset balances. As of December 31, 2022 and 2021, the Company's contract liabilities primarily relate to cash received under initial franchise agreements from the sale of a franchise related to site selection and training that has not yet been delivered and for licensing for which revenue is recognized over time. Changes in the Company's contract liabilities, which are included in "deferred franchise fees" in the Company's balance sheet, are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance at beginning of year	\$ 325,754	\$ 233,439
Increase due to cash received from franchisees	9,875	173,125
Decreases due to recognition of revenue	(36,485)	(80,810)
Contract liabilities at end of year	<u>\$ 299,144</u>	<u>\$ 325,754</u>

The primary performance obligations related to franchised quick-lube operations include the license of intellectual property, which provides access to the Victory Lane Quick Oil Change brand and proprietary information to operate service center stores over the term of a franchise agreement. Each performance obligation is distinct, and franchisees generally receive and consume the benefits provided by the Companies' performance over the course of the franchise agreement, which typically ranges from 10 to 15 years. Billings and payments occur monthly for the royalty and advertising fees.

In exchange for the license of the Company's intellectual property, franchisees generally remit initial fees upon signing the first and initial franchise agreement and royalties and

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 2 – Revenue Recognition – continued**

advertising fees at a contractual rate of the applicable service center store sales over the term of the franchise agreement. The initial fees upon opening a service center consist of three separate and distinct performance obligations – site selection, training, and licensing. The site selection and training portion of the initial fees are recognized at a point in time as the services are delivered and the licensing portion is recognized over time evenly throughout the term of the franchise agreement. The license provides access to the intellectual property over the term of the franchise agreement and is considered a right-to-access license of symbolic intellectual property as substantially all of its utility is derived from association with the Companies' past and ongoing activities. The license granted to operate each franchised services center store is the predominant item to which the royalties relate and represents a distinct performance obligations which is recognized over time as the underlying sales occur.

**Note 3 – Due From Related Parties**

At December 31, 2022 and 2021, the Company was owed \$192,808 and \$182,775, respectively, from various entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2022 and 2021, interest earned on these loans was \$5,550 and \$5,053, respectively.

**Note 4 – Loan Receivable Shareholder**

At December 31, 2022 and 2021, the Company was owed \$0 and \$0, respectively, from the Company's shareholder. The loan is unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2022 and 2021, interest earned on this loan was \$0 and \$931.

**Note 5 – Ad Fund Payable**

Included in the royalties received from its franchisees is an amount designated for advertising. A portion of this amount is refundable to the franchisee provided they incur a certain amount of advertising cost for their franchise. Royalties for advertising is forfeited if not used by December 31. During the years ended December 31, 2022 and 2021, the amount of Ad Fund royalties forfeited was \$161,452 and \$136,118, respectively, including \$96,059 and \$73,773, respectively from related entities owned by the Company's shareholder. As of December 31, 2022 and 2021, the amount of refundable Ad Fund royalties was \$0 and \$0, respectively, including \$0 and \$0, respectively, due to related entities owned by the Company's shareholder.

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VICTORY LANE QUICK OIL CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**Note 6 – Due To Related Parties**

At December 31, 2022 and 2021, the Company owed \$68,658 and \$64,703, respectively, to various related entities owned by the Company's shareholder. The loans are unsecured and due on demand. Interest is based on the short-term applicable Federal rate. During the years ended December 31, 2022 and 2021, interest accrued on these loans was \$1,964 and \$4,595, respectively.

**Note 7 – Long-term Debt**

Long-term debt at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Note payable to a former shareholder of the Company payable in monthly installments of \$3,742, including interest at 6% per annum, through July 30, 2026. The note is secured by a life insurance policy	147,477	182,399
<hr/>		
Note payable to a bank monthly installments of \$9,423, including interest at the rate of 6.64%, through January 1, 2025, net of unamortized issuance costs of \$7,912 and \$12,041 as of December 31, 2022 and 2021, respectively. A balloon payment of \$447,592 is due on January 1, 2025. The note is secured by substantially all assets of the Company and the personal guaranty of the Company's shareholder. The loan is also cross-collateralized with loans owed by related entities owned by the Company's shareholder.	592,529	658,482
SBA Economic Injury Disaster Loan payable to a bank in monthly installments of \$731 beginning January 2023, including interest at the rate of 3.75%. The note is secured by substantially all assets of the Company.	<u>150,000</u>	<u>150,000</u>
Total	890,006	990,881
Less current portion	<u>(111,362)</u>	<u>(101,284)</u>
Total long-term portion	<u>\$ 778,644</u>	<u>\$ 889,597</u>

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 7 – Long-term Debt - continued**

At December 31, 2022, future principal maturities are as follows:

<u>Year Ended December 31,</u>	
2023	\$ 111,362
2024	119,066
2025	490,278
2026	32,858
2027	3,719
Thereafter	<u>132,723</u>
	<u>\$ 890,006</u>

**Note 8 – Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to ~~differences between the basis of property and equipment and depreciation of assets for~~ financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The provision for income taxes consists of current and deferred taxes as follows:

	<u>December 31,</u> 2022	<u>December 31,</u> 2021
<b>Current:</b>		
Federal Income Tax	\$ 21,963	\$ 20,112
State Income Tax	<u>4,524</u>	<u>5,767</u>
Total Current	<u>26,487</u>	<u>25,879</u>
<b>Deferred:</b>		
Federal	420	(1,100)
State	<u>128</u>	<u>(334)</u>
Total deferred	<u>548</u>	<u>(1,434)</u>
Total provision for income taxes	<u>\$ 27,035</u>	<u>\$ 24,445</u>

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 8 – Income Taxes - continued**

Deferred income taxes are provided for income and expense items recognized in different tax years and financial reporting purposes. A summary of the deferred tax assets and liabilities included in the balance sheet as follows:

	December 31, 2022	December 31, 2021
Deferred Tax Asset:		
Compensation accruals	\$ 309	\$ 309
Deferred franchise fees	15,442	17,837
	\$ 15,751	\$ 18,146
Deferred Tax Liability:		
Depreciation on fixed assets	\$ 3,828	\$ 5,675

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**Note 9 - Leases**

In February 2017, the Company began leasing office space from a related company, through common ownership, at \$1,500 per month through October 2036. Effective January 1, 2022, the Company changed its method of accounting for leases due to the adoption of ASU 2016-02, *Leases* (Topic 842). As of December 31, 2022, the Company's operating lease components with initial or remaining terms in excess of one year were classified on the consolidated balance sheet within right of use assets, short-term lease liability and long-term lease liability.

Total lease expense included in operating expenses in the statements of income is \$18,000 and \$18,000 for the years ended December 31, 2022 and 2021, respectively.

Other information related to our operating leases is as follows:

	2022	2021
Weighted average remaining lease term	13.83 years	N/A
Weighted average discount rate	6.64%	N/A

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 9 – Leases** - continued

Supplemental cash flow information related to our operating leases is as follows:

	2022	2021
Operating cash outflows from operating leases	\$ 18,000	N/A
ROU assets obtained in exchange for operating leases	\$ 169,569	N/A

Maturities of operating lease liabilities as of December 31, 2022 are as follows:

	\$	18,000
2023		18,000
2024		18,000
2025		18,000
2026		18,000
2027		18,000
Thereafter		159,000
Total lease payments	\$	249,000
Less: discount to net present value		(86,381)
Present value of lease liabilities	\$	162,619

**Note 10 – Retirement Plan**

The Company sponsors a 401(k) plan covering eligible employees. Plan is funded through salary deferrals and employer matching contributions. Contributions to the plan are immediately vested. Contributions are limited based on a percentage of employee contributions. The Company's required matching contribution for the years ended December 31, 2022 and 2021 was \$7,396 and \$7,602, respectively.

**Note 11 - Related Party Transactions**

During the years ended December 31, 2022 and 2021, the Company received \$672,413 and \$519,531, respectively, of royalties from related companies, through common ownership.

During the years ended December 31, 2022 and 2021, the Company received \$5,550 and \$5,053, respectively, of interest income on loans receivable from related entities, through common ownership.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Note 11 - Related Party Transactions** - continued

During the years ended December 31, 2022 and 2021, the Company received \$0 and \$931, respectively, of interest income on a loan receivable from the shareholder of the Company.

During the years ended December 31, 2022 and 2021, the Company accrued \$1,964 and \$4,595, respectively, of interest expense on loans payable to related entities, through common ownership.

During the years ended December 31, 2022 and 2021, the Company reimbursed \$66,000 and \$0, respectively, to related companies, through common ownership, for payroll and related taxes.

During the year ended December 31, 2022 and 2021, the Company reimbursed \$183,793 and \$0, respectively, to related companies, through common ownership, for advertising costs.

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**Note 12 – Contingencies and Guaranties**

The Company is a guarantor of loans owed by various related entities owned by the Company's shareholder. As of December 31, 2022, the balances of these loans were approximately \$3,150,000. The loans are secured by substantially all the assets of the related entities and the personal guaranty of the Company's shareholder. The loans are also cross-collateralized with the assets of the Company.

**SUPPLEMENTARY INFORMATION**

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VICTORY LANE QUICK OIL CHANGE, INC.

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 2022 and 2021

	December 31, 2022		December 31, 2021	
	Amount	Percent of Sales	Amount	Percent of Sales
<b>OPERATING EXPENSES</b>				
Advertising	\$ 273,250	18.8 %	\$ 179,826	14.5 %
Automobile expense	14,275	1.0	7,386	0.6
Bad debts	15,000	1.0		
Bank and credit card fees	1,236	0.1	3,702	0.3
Contributions	442	-	46	-
Conventions	2,000	0.1	1,497	0.1
Depreciation and amortization	7,763	0.5	17,179	1.4
Dues and subscriptions	13,059	0.9	13,393	1.1
Employee benefits	11,213	0.8	8,312	0.7
Franchising expense	72,989	5.0	62,505	5.0
Insurance:				
General	5,550	0.4	5,027	0.4
Workers compensation	2,618	0.2	1,536	0.1
IT expense	69,834	4.8	50,721	4.1
License and permits	1,999	0.1	1,863	0.1
Meals and entertainment	17,054	1.2	10,433	0.8
Office expense	16,723	1.2	16,118	1.3
Postage and delivery	4,214	0.3	3,140	0.3
Professional fees	53,830	3.7	73,301	5.9
Retirement plan contribution	7,396	0.5	7,602	0.6
Rent	18,000	-	18,000	-
Repairs and maintenance	19,234	1.3	14,489	1.2
Salaries and wages	556,083	38.3	509,208	41.0
Storage	1,428	0.1	918	0.1
Taxes - payroll	41,530	2.9	36,702	3.0
Telephone	8,851	0.6	5,659	0.5
Travel	30,667	2.1	21,138	1.7
Uniforms	1,818	0.1	208	-
Utilities	12,125	0.8	15,093	1.2
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,280,181</b>	<b>86.8 %</b>	<b>\$ 1,085,002</b>	<b>86.0 %</b>

The accompanying notes are an integral part of these combined financial statements.

**EXHIBIT C**

**FRANCHISE AGREEMENT**



**EXHIBIT C**



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**VICTORY LANE QUICK OIL CHANGE, INC.**  
**FRANCHISE AGREEMENT**

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**Franchisee**

**Site**

---

Legal Name

---

Name

---

Street

---

Street

---

City, State, Zip Code

---

City, State, Zip Code

---

Telephone Number

---

Telephone Number

---

Email Address

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Email Address

\_\_\_\_\_, 20\_\_\_\_  
**Date of Franchise Agreement**

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### EXHIBITS:

- A Franchise Data Sheet
- B Owners Agreement
- C Statement of Ownership

**VICTORY LANE QUICK OIL CHANGE, INC.**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT (“Agreement”)** is effective as of the date listed in Exhibit “A” (“**Effective Date**”). The parties to this Agreement are **VICTORY LANE QUICK OIL CHANGE, INC.**, a Michigan corporation, with its principal business address at 45550 Helm St. Plymouth MI 48170 (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and the franchisee listed and identified in Exhibit “C” hereto (referred to in this Agreement as “**you**,” “**your**” or “**Franchisee**”). If more than one person or entity is listed as the Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

**1. INTRODUCTION**

**1.1 VICTORY LANE® Center System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of VICTORY LANE® Oil Change Centers (“**Victory Lane® Center(s)**” or “**Center(s)**”). VICTORY LANE® Centers use our system (“**System**”), copyrights and marks, sell products, services and accessories we designate or approve (“**Products and Services**”), in a distinctive and innovative environment. VICTORY LANE® Centers operate under and using distinctive business formats, methods, procedures, designs, layouts, signs, product and service mix, standards, specifications, and System Standards, all of which we may improve, further develop or otherwise modify from time-to-time.

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of VICTORY LANE® Centers, and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of VICTORY LANE® Centers (collectively, “**Marks**”).

We also use, promote and license in the operation of VICTORY LANE® Centers certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (collectively, the “**Copyrights**”).

We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a VICTORY LANE® Center offering the Products and Services we authorize and approve and utilizing the Marks, Copyrights and System.

In certain circumstances, we will sell a franchise to an individual or Business Entity who owns an existing business which provides the same or similar products and services as a VICTORY LANE® Center that you convert to a VICTORY LANE® Center, or who locates a site for the VICTORY LANE® Center where a similar business had previously operated (“**Conversion Business**”). Conversion Business owners must modify their business premises to our design plans and specifications, use our Marks, and complete our training. If the Franchise Agreement relates to a Conversion Business, you and we will execute an addendum to this Agreement acknowledging this and modifying this Agreement to accommodate for a Conversion Business.

Each VICTORY LANE® Center operates from a specified location where it must provide only the Products and Services we designate or approve in accordance with our System and using our Marks and Copyrights.

This Agreement includes several exhibits, each of which are legally binding and are a part of the complete Agreement, including an “Owners Agreement” which is attached to this Agreement as Exhibit “B” (“**Owners Agreement**”). If you are signing this Agreement as a Business Entity, certain provisions in this Agreement will also apply to all direct or indirect owners (“**Owners**”) and their spouses. Each Owner and each Owner’s spouse is required to sign the Owners Agreement.

All capitalized terms not otherwise defined in this Agreement shall have the same meanings as set forth in the Franchise Disclosure Document.

**1.2 Acknowledgments.** You acknowledge that:

(a) you have received our current Franchise Disclosure Document; **INITIAL** \_\_\_\_\_

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each VICTORY LANE® Center and to protect and preserve the System, Copyrights and goodwill of the Marks; **INITIAL** \_\_\_\_\_

(c) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; **INITIAL** \_\_\_\_\_

(d) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions; **INITIAL** \_\_\_\_\_

**1.3 Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of a VICTORY LANE® Center franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise; **INITIAL** \_\_\_\_\_

(b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with 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 any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (“**Anti-Terrorism Laws**”); **INITIAL** \_\_\_\_\_

(c) neither you nor any of your owners, employees, agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; **INITIAL** \_\_\_\_\_

We have approved your request to purchase a VICTORY LANE® Center in reliance on all of your representations.

**1.4 Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) (“**Business Entity**”), you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation; **INITIAL** \_\_\_\_\_

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement; **INITIAL** \_\_\_\_\_

(c) the Statement of Ownership in Exhibit “C” will completely and accurately describe all of your owners and their interests in you; **INITIAL** \_\_\_\_\_

(d) you and your owners agree to revise the Statement of Ownership in Exhibit “C”, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below 51% may be made without our approval); **INITIAL** \_\_\_\_\_

(e) if you are a Business Entity, then you agree to designate a Business Manager to: (a) have management responsibility and authority over the Center on a day-to-day basis; (b) be actively employed on a full-time basis to manage the VICTORY LANE® Center’s operations; (c) be present at the VICTORY LANE® Center for at least 50% of the hours the VICTORY LANE® Center is open to the public for business; (d) be bound by our then-current form of Owners Agreement (or other form satisfactory to us); and (e) satisfactorily complete our initial training program and any other training programs we request during the Term (defined in Section 2.3); **INITIAL** \_\_\_\_\_

(f) each of your Owners and Owners’ spouses, during the term of this Agreement, will sign and deliver to us the Owners Agreement as set forth in Exhibit “B”, undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us; **INITIAL** \_\_\_\_\_

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements). **INITIAL** \_\_\_\_\_

## 2. GRANT AND TERM

**2.1 Site/Marketing Area.** You have applied for a franchise to own and operate a VICTORY LANE® Center of the type indicated in Exhibit “A” operating only at a location approved or to be approved by us (“**Site**”). and marketing to customers within the geographic area we designate or approve (“**Marketing Area**”). The Site and Marketing Area are designated in Exhibit “A” to this Agreement and made a part hereof by reference. You must operate your Center only from the Site, and you will not actively advertise, market or promote your VICTORY LANE® Center outside of the Marketing Area. You acknowledge and agree that your Marketing Area will not be exclusive, and may overlap with the marketing areas of other VICTORY LANE® Centers. If the Site and/or Marketing Area are not known as of the Effective Date, they will be added to Exhibit “A” and acknowledged by the parties by later signatures or initials.

**2.2 Territory.** We will grant you a designated territory consisting of the geographic area identified in Exhibit “A” (“**Territory**”). We will not operate, or grant a franchise or license to a third party to operate, a VICTORY LANE® Center that is physically located in your Territory. We, and our affiliates, have the right to operate, and to license others to operate, VICTORY LANE® Centers at any location outside the Territory (including within your Marketing Area), even if doing so will or might affect your operation of your VICTORY LANE® Center. We retain all territorial rights not expressly granted to you. This includes, but is not limited to, the right to (i) to own, franchise, or operate VICTORY LANE® Centers at any location outside of the Territory, regardless of the proximity to your VICTORY LANE® Center; (ii) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory, including, but not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet; (iii) to use and license the use of other proprietary and non-Marks or methods which are not the same as or confusingly similar to the Marks, at any location, including within the Territory, which may be similar to or different from your VICTORY LANE® Center; (iv) to engage in any transaction (including purchases, mergers or conversions), involving the System or a new system, with any business, including businesses that directly or indirectly compete with your VICTORY LANE® Center, regardless of their location, provided that any competing businesses located inside your Territory will not operate under the Marks; (v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere; and (vi) to engage in any other business activities not expressly prohibited by this Agreement. We are not required to pay you compensation for soliciting or accepting orders inside your Territory, or for exercising any of our rights within or outside of your Territory. If the Territory is not known as of the Effective Date, it will be added to Exhibit “A” and acknowledged by the parties by later signatures or initials.

**2.3 Grant.** Subject to the terms of, and upon the conditions contained in this Agreement, we grant you a franchise (“**Franchise**”) to: (a) operate a VICTORY LANE® Center of the type approved in this Agreement at the Site, and at no other location (temporary or permanent); and (b) use the Marks, Copyrights and System solely in connection with operating the VICTORY LANE® Center.

**2.4 Term.** The term of the Franchise and this Agreement begins on the date you open your VICTORY LANE® Center for business (“**Opening Date**”) and expires 15 years from such date (“**Term**”). However, if you lease the Site and the term of the lease for the Site (excluding any renewal options) is for a term that is longer than the Term of this Agreement, then the Term of this Agreement will be automatically extended to coincide with the term of the lease. If you, any of your owners or a controlled entity owns, either directly or indirectly, the real estate or the building at the Site, then the Term of this Agreement will, at our option, be for 15 years and will not be automatically extended to coincide with the term of the lease.

**2.5 Performance.** You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the VICTORY LANE® Center, and not engage in any other business or activity that conflicts with your obligations to operate the VICTORY LANE® Center in compliance with this Agreement.

**2.6 Rights We Reserve.** We (and our affiliates) retain the right in our sole discretion to:

(a) Own, franchise, acquire, establish, operate, or license others to establish or operate VICTORY LANE® Centers anywhere outside the Territory, on such terms and conditions as we deem appropriate (even within the border of the Marketing Area);

(b) Without limiting the rights in Section 2.5(a), market and sell, inside and outside of the Territory, through distribution channels other than VICTORY LANE® Centers (including

mobile VICTORY LANE® Centers, internet, intranet, catalog sales, websites, email or other forms of e-commerce), goods and services competitive with goods and services offered by VICTORY LANE® Centers under the Marks or under trade names, service marks, or trademarks other than Marks, without any compensation to you except as disclosed in this Agreement, and in such amounts in such manner as we determine in our sole discretion;

(c) Engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;

(d) Implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

(e) engage in any other acts and exercise any rights not expressly and exclusively granted to you under this Agreement.

### 3. SUCCESSOR TERMS

**3.1 Your Right to Acquire a Successor Franchise.** Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that:

(a) you maintain possession of the VICTORY LANE® Center, and agree to add or replace improvements, equipment and signs and otherwise modify the VICTORY LANE® Center as we require to bring it into compliance with specifications and standards then applicable for VICTORY LANE® Centers, or

(b) if you are unable to maintain possession of the Site, or if in our judgment the VICTORY LANE® Center should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for VICTORY LANE® Centers and continue to operate the VICTORY LANE® Center at the Site until operations are transferred to the substitute premises;

(c) then, subject to the terms and conditions set forth in this Section 3, you will have the right to enter into four successor franchise agreements to operate the VICTORY LANE® Center (each a “**Successor Franchise**”). Each Successor Franchise is for a five-year period on the terms and conditions of the Franchise Agreement we are then using in granting Successor Franchises for VICTORY LANE® Centers.

**3.2 Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a Successor Franchise during the first 90 days of the last year of the Term of this Agreement. We agree to give you written notice (“**Response Notice**”), not more than 90 days after we receive your notice, of our decision:

(a) to grant you a Successor Franchise;

(b) to grant you a Successor Franchise on the condition that deficiencies of the VICTORY LANE® Center, or in your operation of the VICTORY LANE® Center, are corrected; or

(c) not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its Term.

If applicable, our Response Notice will:

(i) describe the remodeling or other improvements or modifications required to bring the VICTORY LANE® Center into compliance with then applicable specifications and standards for VICTORY LANE® Centers; and

(ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of the VICTORY LANE® Center or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than 90 days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90-day period prior to its expiration. If we fail to give you:

(i) notice of deficiencies in the VICTORY LANE® Center, or in your operation of the VICTORY LANE® Center, within 90 days after we receive your timely election to acquire a Successor Franchise; or

(ii) notice of our decision not to grant a Successor Franchise at least 90 days prior to the expiration of this Agreement, if such notice is required;

then we may extend the Term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a Successor Franchise.

**3.3 Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for VICTORY LANE® Centers; except that the Marketing Area and Territory will remain unchanged. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all known and unknown claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within 60 days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

**3.4 Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you or a Manager of any new training and refresher programs as we may reasonably require.

**3.5 Successor Franchise Fees and Expenses.** Our grant of a Successor Franchise is also contingent on your payment to us of a successor franchise fee in the amount of 25% of our then-current initial franchise fee for the same type of franchise (“**Successor Franchise Fee**”). We must receive the Successor Franchise Fee from you when you sign the agreement for the Successor Franchise.

## 4. SITE SELECTION AND DEVELOPMENT

**4.1 Site Selection.** We recommend that you retain (a) an experienced commercial real estate broker or salesperson who has at least seven years’ experience in locating business sites to advise and counsel you with regard to the price, economics, viability, location, and acquisition or lease of the site for the VICTORY LANE® Center and (b) an experienced attorney to provide advice and counsel you on the business and the terms, conditions and economics of the legal and other documents required to lease or purchase the site. If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within 60 days of signing this Agreement, locate a Site for your VICTORY LANE® Center that we have approved. If you purchase an existing Victory Lane Center from an existing Victory Lane Franchisee, you will be required to sign a Deferred Maintenance Agreement in the form attached as our then-current Franchise Disclosure Document, which requires the buyer or seller of the Victory Lane Center to repair conditions of the Center as we identify via inspection of the Center within 90 days of the purchase. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other VICTORY LANE® Centers, the nature of other stores in proximity to the Site and the size, appearance and other physical and commercial characteristics of the proposed site. You must use the Site solely for the operation of a VICTORY LANE® Center and must not directly or indirectly operate or engage in any other business or activity from the Site. You must not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the VICTORY LANE® Center. We will approve or disapprove a Site you propose for a Center within 30 days after we receive from you all of the materials we request concerning the proposed site. If you do not select, or we do not approve, the sites reviewed during the initial site selection trip and an additional trip is required, you must pay to us or our designee our then-current site selection fee, in accordance with Section 6.4. You acknowledge and agree that:

- (a) our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;
- (b) our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for sites and premises that we have established as of the time of our recommendation or approval of the Site;
- (c) application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a Site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a Site and premises; and
- (d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a Site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

**4.2 Relocation of the Site.** You may not operate the VICTORY LANE® Center from any location other than the Site without our prior written consent. If the lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as a VICTORY LANE® Center in accordance with this Agreement, or if, in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your VICTORY LANE® Center's relocation, we will permit you to relocate the VICTORY LANE® Center to another location within the Marketing Area provided that you comply with all of our System Standards for a Site relocation and such relocation Site meets our then-current Site criteria for relocation sites. We may require that your Territory be modified as a condition to our approval of you relocating your Site. Any relocation of the Site will be at your sole expense and you must pay us all expenses we incur in connection with the relocation, plus a site relocation fee of \$5,000 ("**Site Relocation Fee**"). If you obtain our approval of the replacement Site and lease in accordance with our then-current Site approval process, you must reopen the VICTORY LANE® Center at the replacement Site as soon as practicable, but in no event more than 30 days after the closing of the original Site. You will also fully de-identify the former Site in accordance with our requirements at your sole cost and expense. You are not permitted to relocate your VICTORY LANE® Center except pursuant to this Section.

**4.3 Lease of Site.**

(a) **Lease Approval:** You agree to obtain our approval of the lease of the Site before you sign it, or any renewal of it. You agree to deliver a copy of the signed lease to us within 15 days after its execution along with the lease addendum (in the form attached to the Franchise Disclosure Document in Exhibit H). You agree not to sign any lease or renewal of a lease unless you have also obtained the lease addendum signed by the lessor.

(b) **Sublease from Us:** We may, but are not obligated to, lease or sublease the Site to you. If we do so, you agree to sign our then-current form of lease or sublease. If we sublease the Site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the Site.

(c) **Other Lease of Site:** If you want to lease the Site from someone other than us, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents unless we have previously approved them. Additionally, we require that the lease or any renewal contain certain provisions, including the following:

(i) a provision that provides that during the term of the lease, the Site may only be used for the operation of a VICTORY LANE® Center and for no other purpose;

(ii) a provision which expressly permits the lessor of the Site to provide us with all revenue and other information it may have related to the operation of your VICTORY LANE® Center as we may request, and you will consent to the landlord providing such information to us;

(iii) a provision which evidences your right to display the Marks and Copyrights in accordance with the specifications required by the Brand Standards Manual, subject only to the provisions of applicable law;

(iv) a provision which gives us the right to enter the premises to make any modifications we deem necessary to protect the Marks and System;

(v) a provision which requires that any lender or other person will not disturb your possession of the Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound);

(vi) a use provision, exclusive use provision and a restrictive use provision which meets our minimum standards;

(vii) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(viii) a lease term which is at least equal to the initial Term of this Agreement, either through an initial Term of that length or rights, at your option, to renew the lease for the full Term of this Agreement;

(ix) a provision that provides that the landlord will give written notice to us (concurrently with the giving of such notice to you) of any default (a “**Lease Default**”) by you under the lease by certified mail, return receipt requested, or by nationally recognized overnight courier service. This notice to us shall be a prerequisite for the landlord’s exercise of any remedies resulting from a Lease Default. Such notice will grant us the right, but not the obligation, to cure any Lease Default, if you fail to do so, within 15 days after the expiration of the time period in which you may cure the Lease Default under the lease. Our election not to cure shall not be deemed an election to assume the lease, unless and until we expressly do so in writing;

(x) the lease must give us or our designee the option to assume your occupancy rights under the lease terms and have the right to assign the lease or sublet the premises for all or part of the lease term, if you are in default under the lease or the Franchise Agreement, or if the lease or Franchise Agreement is terminated or not renewed;

(xi) you agree to sign and have your landlord sign a collateral lease assignment agreement in a form approved by us;

(xii) a provision that provides that in the event of a Lease Default or your default of this Agreement, and upon written notice by us to have the lease assigned to us as lessee (“**Assignment Notice**”), (1) we will become the lessee of the Site and will be liable for all obligations under the lease arising after the date of the Assignment Notice and (2) the landlord will recognize us as the lessee of the Site effective as of the date of the Assignment Notice;

(xiii) a provision in which you and the landlord acknowledge that we are not a party to the lease, but that we are intended to be a third-party beneficiary of the lease with an independent right to enforce its terms against the landlord and you;

(xiv) a provision that provides that the Lease cannot be modified or canceled without our prior written approval.

(d) **No Warranty:** You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or

profitability of a VICTORY LANE® Center operated at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE AN ATTORNEY REVIEW AND EVALUATE THE LEASE.

**4.4 Ownership and Financing.** Instead of leasing a Site, you may propose to purchase, construct, own and operate a VICTORY LANE® Center on real property owned by you or through affiliates. You will meet certain conditions if you or your affiliates own a Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your VICTORY LANE® Center or for any operating assets in which any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

- (a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;
- (b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency;
- (c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and
- (d) you agree to, at our option, to lease or otherwise take possession of the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to commercially reasonable terms for a period of years equal to the length of time remaining on the Term of the Franchise Agreement.

## 5. STORE DEVELOPMENT, DECOR AND OPERATING ASSETS

**5.1 Center Development.** You must obtain our approval for the Site within 60 days of the Effective Date and obtain our approval of and open the VICTORY LANE® Center for business within 24 months from the date of execution of this Agreement (“**Opening Date**”). In our sole discretion, if you have made full and complete applications for all building permits, and all other permits required to open a VICTORY LANE® Center, we may grant to you up to three 30-day extensions to open the VICTORY LANE® Center, provided that the delay was due to causes beyond your reasonable control, in our sole discretion. You must submit documentation of the status of all applications necessary to operate the VICTORY LANE® Center at least ten days prior to the date of each 30-day extension you request. We will, at our expense, provide you with a set of the standard plans, standards and specifications for a VICTORY LANE® Center to be built at the Site selected by you and approved by us. You will, at your cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for the VICTORY LANE® Center. You will be responsible for the accuracy of all drawings, plans and specifications for the VICTORY LANE® Center. You will be solely responsible for all costs and expenses incurred for the construction or renovation of the VICTORY LANE® Center, including, but not limited to, all costs for architectural plans and

specifications, all modifications to the standard plans and specifications necessitated by the structure, construction or layout of the VICTORY LANE® Center, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior designs, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors. You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of VICTORY LANE® Center, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. You will be solely responsible for inspections during construction or renovation to confirm that the VICTORY LANE® Center is being constructed or renovated in a workmanlike manner and according to the plans and specifications established by us. You will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of the VICTORY LANE® Center. We will have no responsibility to you or any other party if the VICTORY LANE® Center is not constructed or renovated by you or your architect or contractor: (a) according to the standard plans and specifications established by us; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities and costs relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance.

Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing the VICTORY LANE® Center at the Site:

- (a) secure and provide us proof of your securing all financing required to develop and operate the VICTORY LANE® Center;
- (b) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct, develop and operate the VICTORY LANE® Center.

**5.2 Décor.** You agree that all décor of your VICTORY LANE® Center must be previously approved by us and must comply with our standards as described in the brand standards manual (“**Brand Standards Manual**”) or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in the VICTORY LANE® Center (“**Art**”), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to the VICTORY LANE® Center and you will not display or use the Art in any Competitive Business or Center of any kind. Your failure to maintain the VICTORY LANE® Center’s décor in compliance with our System and the standards described in the Brand Standards Manual or otherwise constitutes a breach of this Agreement.

**5.3 Operating Assets and Center Materials.** We will identify the fixtures, furnishings, equipment (including, without limitation facsimile machines, telephones, computer hardware and software) (“**Operating Assets**”), oil change inventory, equipment, product services and other products, services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, and financial and accounting services, necessary for the VICTORY LANE® Center to begin or sustain operations (collectively, the “**Center Materials**”), the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Center Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or Center Materials, you must purchase them in accordance with, and they must meet our System Standards. We may designate

quantities, models, brands and inventory levels of Operating Assets and Center Materials. We may require you to purchase only from us or designated suppliers Operating Assets or Center Materials which bear our Marks and/or Copyrights. We will only approve suppliers whose Center Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. You will, at your expense, repair and maintain the VICTORY LANE® Center and all Operating Assets and Center Materials in a clean and sanitary condition and will replace all equipment and other items as they become worn-out, soiled or in disrepair. All mechanical equipment must be kept in good working order by you. All replacement equipment and other items used in the VICTORY LANE® Center must comply with the standards and specifications in the Brand Standards Manual.

**5.4 Changes to Approved Suppliers.** You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

(a) **Designation and Approval of Suppliers:** The reputation and goodwill of VICTORY LANE® Centers are based upon, and can be maintained and enhanced only by the use of high-quality suppliers of services, materials and inventory. We will provide you with a list, that we may modify from time-to-time, of approved: manufacturers, suppliers, or distributors of Operating Assets and Center Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of business materials, inventory, Operating Assets, and other equipment and business services that we approve for VICTORY LANE® Centers or which we designate in the Brand Standards Manual as relating to the establishment or operation of VICTORY LANE® Centers, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (“**Approved Suppliers**”). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, inventory, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your VICTORY LANE® Center. You must utilize any ordering system that any of our Approved Suppliers (including us or our affiliates) designate. You agree to maintain an adequate inventory of all items in accordance with the Franchise Operations Manual.

(b) **Review Procedures:** Our approval of Operating Assets, Center Materials, and Approved Suppliers will be given in the form of specifications and standards designated in our Brand Standards Manual or in other communications to you from time-to-time. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer or brand of materials, supplies or equipment, supplier, manufacturer or distributor of equipment, supplies or material, any service provider or any other brand, manufacturer, distributor or supplier of materials, supplies, services or equipment, which is not currently approved by us, you must: (i) notify us in writing; (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then determine, within a reasonable time, not to exceed 45 days, whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. If we do not respond within the 45-day period, the product or supplier will be deemed disapproved. Other than requiring you to reimburse us for our expenses incurred, we do not charge a fee for considering granting approval of alternative or new Approved Suppliers. We

may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume.

(c) **Preferred Vendor Programs:** We may develop certain programs and terms under which we, our affiliates or VICTORY LANE® Centers receive certain negotiated benefits or terms from Approved Suppliers (“**Preferred Vendor Programs**”). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs (“**Program Rules**”). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. We may designate one or more Approved Suppliers (“**Preferred Vendors**”) as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for VICTORY LANE® Centers. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program (“**Preferred Vendor Agreements**”). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund. However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us System Development Fees. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Brand Standards Manual. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

**5.5 Sale of the Products and Services.** In the sale of the Product and Services to consumers, you shall not distribute the Product or Services in any manner that we have not approved in writing or combine the Product or Services with any other product or service without prior written approval.

**5.6 Compliance with Laws and Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your VICTORY LANE® Center. You will operate your VICTORY LANE® Center in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, worker's compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks and other VICTORY LANE® Centers.

**5.7 Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music to patrons of VICTORY LANE® Centers is, or may become an integral part of the System. Accordingly, you agree to play only the type(s) of music, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio

equipment and obtain any subscriptions (e.g., satellite radio) that we designate or require for use by VICTORY LANE® Centers.

**5.8 Business Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System, business management, Purchaser Order System (as defined below in this paragraph), scheduling, cost control, and accounting system we designate from time-to-time (collectively, the “**Business Management System**”). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of the Business Management System. You must use our standard supplier or vendor agreements and other agreements related to the Business Management System that we designate from time-to-time. The Business Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (“**Purchase Order System**”). ~~Through, and as part of, the Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (“**Operating Account**” or “**Account**”). We may require that the Operating Account be the sole bank account utilized by your VICTORY LANE® Center and we may be granted the right to issue checks from the Operating Account. We in our sole judgment may designate one of our officers to have signature rights to the Operating Account. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g., Business Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of the Business Management System from time to time.~~

**5.9 Center Opening.** You agree not to open the VICTORY LANE® Center for business until:

- (a) we approve the VICTORY LANE® Center as developed in accordance with our specifications and standards;
- (b) training has been completed to our satisfaction;
- (c) the Initial Franchise Fee and Store Opening Assistance and Construction Management Fee have been paid;
- (d) we have approved the managers of your VICTORY LANE® Center and you have demonstrated to us that the conditions of Section 1.5 (e) have been fulfilled;
- (e) you have purchased all inventory and supplies required for your VICTORY LANE® Center;
- (f) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and
- (g) we have received signed counterparts of all required documents pertaining to your acquisition of the Site.

While we may terminate the Agreement if you fail to open in the time required, we may, in our sole discretion, grant you extensions if your delay is due to your engaging in efforts to comply with laws and regulations. You must be prepared to begin operating your VICTORY LANE® Center immediately after we state that your VICTORY LANE® Center is ready for opening, but in no event later than 24

months after the Effective Date of this Agreement, unless we grant you an extension in writing, at our sole discretion.

**5.10 Credit and Gift Cards.** You must honor all credit, charge, courtesy and cash cards approved in writing by us. You will not create or issue any prepaid or gift cards or gift certificates and will only sell prepaid or gift cards or gift certificates that have been issued by us and which are accepted at all VICTORY LANE® Centers. You will not issue coupons or discounts of any type except as approved in writing by us.

**5.11 Annual Meeting.** Your manager(s) and the other persons having positions at your VICTORY LANE® Center designated by us will attend each annual franchise meeting held by us. The date and location of all annual franchise meetings will be at our sole discretion. You will pay the then-current meeting fee established by us for each person attending the annual franchise meeting. You will also pay the salaries and benefits, the travel expenses and all other expenses incurred by the persons attending the annual franchise meeting on your behalf. You acknowledge that the attendance of at least one person at each annual franchise meeting held by us and the payment of the then-current meeting fee for at least one person is mandatory. If you fail to send at least one person to the annual franchise meeting, you will be required to pay us a non-attendance fee that is twice the then-current meeting fee (“**Non-Attendance Fee**”). We also reserve the right to restrict franchisees from attending based on past performance, previous defaults and other factors in our sole discretion.

## 6. FEES

**6.1 Initial Franchise Fee.** You agree to pay us a non-recurring and non-refundable initial franchise fee (“**Initial Franchise Fee**”) in the amount indicated in Exhibit “A”. The Initial Franchise Fee is fully earned by us when paid. The Initial Franchise Fee is due in a lump sum payment on the Effective Date. If this Agreement is being signed under an area development agreement between you and us, then no Initial Franchise Fee is due (instead, you must pay, or have previously paid, a development fee in accordance with the terms of the area development agreement). If this Agreement is the renewal of a prior franchise agreement with us for an existing VICTORY LANE® Center, then you must pay a Successor Franchise Fee as set forth in Section 3.5 of this Agreement (in lieu of the Initial Franchise Fee).

**6.2 Store Opening Assistance and Construction Management Fee.** You agree to pay us or our designated provider the costs in supporting your efforts to find, develop and open the franchised business (“**Store Opening Assistance and Construction Management Fee**”). You will pay the Store Opening Assistance and Construction Management Fee either when we invoice you prior to opening your VICTORY LANE® Center or in installments. If payable in installments, we may require you to pay the first installment upon signing this Agreement or the lease for your Victory Lane® Center. We may require you to utilize us as the provider of construction project management services. The fee will vary based on the services provided. The Store Opening Assistance and Construction Management Fee is uniform, fully-earned and non-refundable.

**6.3 Royalty.** You agree to pay us a weekly royalty fee (“**Royalty(ies)**”) in an amount that is the greater of: (1) 6% of your weekly Gross Sales for the immediately preceding week or (2) \$250500 (“**Minimum Royalty**”). The Royalty is payable beginning the week following the week you open your VICTORY LANE® Center and will be 6% of weekly Gross Sales through the first 26 weeks of operation. Beginning with the 27<sup>th</sup> week of operation, you must pay the greater of 6% of Gross Sales or the Minimum Royalty. The deferred payment of the Minimum Royalty until the 27<sup>th</sup> week of operation will not apply if your VICTORY LANE® Center is a transferred outlet or a conversion. We must receive the Royalty from you on Wednesday of each week (“**Payment Day**”). However, we can alter or change the

Payment Day in the Brand Standards Manual or otherwise upon written notice to you. If the Payment Day of any week falls on a national holiday, the payment is due on the first weekday following the Payment Day. Royalties are non-refundable and fully earned when paid.

**6.4 System Development Fee.** You must pay to us or our designee a weekly fee, due on the Payment Day, for the System Development Fund (“**System Development Fee**”). The System Development Fee shall equal 2% of your weekly Gross Sales for the immediately preceding week. We reserve the right to increase this fee upon written notice to you to up to 3% of your weekly Gross Sales. The first System Development Fee is due the first Payment Day following your Opening Date. The System Development Fees are fully earned and non-refundable when paid. We may, but are not obligated to, implement a voluntary program under which 1% of a franchisee’s System Development Fees may be reimbursed upon submission of receipts for local or regional advertising approved by us for the program. Refunds are typically paid within 30 days of submission for payment on an approved advertising program. All refunds from the prior calendar year must be submitted within 60 days of year end, otherwise they are forfeited. We may terminate or change this voluntary program at any time.

**6.5 Site Selection Fee.** Included with the Initial Franchise Fee is our cost of arranging for one site selection trip of up to three days to assist you in connection with selecting a Site. If you do not select, or we do not approve, the Sites reviewed during the initial site selection trip and an additional site selection trip is required, you must pay to us or our designee our then-current site selection fee for each additional site selection trip, currently \$4,000 per additional site selection trip, plus travel expenses. You must pay the site selection fee to us our designee upon invoice, which shall be prior to the additional site selection trip.

**6.6 Construction Project Management.** If you choose to use a third-party construction project manager, you must use our designated provider and pay all fees related to construction project management for the Site to that provider. If you choose not to use a construction project manager, you will incur such expenses yourself.

**6.7 Software & POS License Fee.** You must pay a monthly software license fee (“Software & POS License Fee”) to third-party licensors for use of certain software. We estimate this cost to currently range between \$250 and \$500 per month. Costs for some licenses vary on a per user basis. We reserve the right to collect the Software License Fee on behalf of third-party providers.

**6.8 Additional Training Fees.** As part of the Initial Franchise Fee, we provide the initial training and Opening Team set out in Section 7. All persons we require must be present for opening. If we require or you request, and we agree to provide, additional on-site training, you must pay our then-current “**Additional Training Fees**”, which will not exceed \$500 per trainer per day of training. Additional Training Fees are due within five days of our invoice to you.

**6.9 Training Expenses.** If we require or you request, and we agree to provide, additional on-site training as described in Section 6.7 above, you must pay to us, as reimbursement, all of the expenses we incur for travel, lodging, meals and other expenses and costs we incur associated with providing additional on-site (“**Training Expenses**”). We will bill you for the Training Expenses, and you are responsible for payment to us within five days of the date of our invoice to you.

**6.10 Electronic Funds Transfer.** We currently require you to pay all fees and other amounts due us and our affiliates via electronic funds transfer (“**EFT**”) or other similar means. You are required to complete the EFT authorization (in the form attached to the Franchise Disclosure Document in Exhibit H) for direct debits from your business bank operating account. We have the right to periodically specify (in the franchise brand standards manual or otherwise in writing) different payees and/or payment

methods such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card, and payment by check. You agree to comply with the procedures we specify in our Brand Standards Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, electronic means (e.g., facsimile transmission or via email) or in written form, as we direct, the VICTORY LANE® Center's true and correct Gross Sales for the immediately preceding week. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the VICTORY LANE® Center's Operating Account for payments of Royalties and other amounts due under this Agreement, including any applicable interest charges. You will, from time-to-time during the Term of this Agreement, execute such documents as we may request to provide your unconditional and irrevocable authority and direction to your bank or financial institution authorizing and directing your bank or financial institution to transfer directly from the Operating Account to the bank account of ours that we designate, and to charge to the Operating Account, the amount of the Royalty Fees, System Development Fees and other sums due and payable by the you to us pursuant to this Agreement. The transfer authorizations will be in the form prescribed by our bank. Transfers will be made on Wednesday of each week for the weekly Royalty Fees and System Development Fees payable for the preceding week, as set forth in this Agreement or within five days after the issuance of an invoice by us for other amounts payable by you. Your authorizations will permit us to designate the amount to be transferred from the Operating Account, and to adjust such amount from time-to-time for the Royalty Fees, System Development Fees and other sums then payable to us by you. You will make the funds available in the Operating Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Operating Account to pay Royalties and System Development Fees will be based on the VICTORY LANE® Center's Gross Sales reported to us. If you fail at any time to provide the weekly reports of Gross Sales required under this Agreement, then we will have the right, in our sole discretion, to estimate the amount of any fees due us, and to transfer such estimated amount from the Operating Account to our bank account in accordance with the provisions of this Section. If we determine at any time that you have under-reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Operating Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Operating Account through a credit, effective as of the first reporting date after you and we determine that such credit is due.

**6.11 Definition of Gross Sales.** As used in this Agreement, the term “**Gross Sales**” means the total of all ~~revenues, of your revenue, sales, and other~~ income and consideration from the sale of all merchandise, products and services to customers whether or not sold or performed at or from the VICTORY LANE® Center, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. Gross Sales excludes the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. Gross Sales also excludes the amount of any documented refunds, chargebacks, credits, charged tips and allowances given in good faith to customers. We reserve the right to institute policies in the Brand Standards Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Sales of any pre-paid goods or services (including, without limitation, gift cards and gift certificates) and their delivery and redemption.

**6.12 Interest on Late Payments.** All amounts which you owe us or our affiliates will bear interest after their due date at the annual rate of 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the VICTORY LANE® Center.

Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 16.

**6.13 Late Payment Fees.** You must pay an administrative fee in the amount of \$50 per late payment of Royalties, System Development Fees, any other amounts due for purchases by you from us or our affiliates, or and any other amounts which you owe us or our affiliate (“**Administrative Fee**”). The Administrative Fee is due within ten days after the payment is otherwise due and is in addition to any other fees due and payable to us. The provision in this Agreement concerning the Administrative Fee does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your VICTORY LANE® Center.

**6.14 Non-compliance Service Charge.** You must pay us \$1,000 per event of non-compliance (“**Non-Compliance Service Charge**”), in addition to our other rights and remedies, if you are not in compliance with your Franchise Agreement or our standard and specifications set forth in our Brand Standards Manual.

**6.15 Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any indebtedness to us.

**6.16 Amounts.** All fixed dollar amounts may be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor. Each adjustment will be made effective as of January 1 based on the January Index but the first adjustment will not be made until the second January following the Effective Date of the Agreement.

**6.17 Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, System Development Fees, Administrative Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we or our affiliates may make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time-to-time. We will notify you monthly if we elect to do so.

**6.18 Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

**6.19 Marketing Program Fees.** If you choose to participate in one of the third-party marketing services we utilize, you will you pay us the third-party’s fees directly and we will remit them to the service provider. The fees vary depending on the services and third-party utilized, but typically range between \$750 and \$1,000 per month.

**6.20 Other Fees.** In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. Unless otherwise stated in this Agreement, all fees due us are due within 15 days of our invoice to you. Your requirement to pay us the fees under this Agreement is absolute and unconditional. This obligation will remain effective throughout the entire duration of this Agreement and will continue until all fees are paid.

**6.21 CPI Adjustments to Fixed Fees.** All fees expressed as a fixed dollar amount in this Franchise Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. We may periodically review and increase these fees based on changes to the Consumer Price Index, but only if the increase to the Consumer Price Index ("**CPI Increase**") is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one ~~fee adjustment~~ **CPI Increase** during any calendar year. Notwithstanding the foregoing the fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or adjust more frequently.

## 7. TRAINING AND ASSISTANCE

### 7.1 Initial Training.

(a) **Owner/Manager Training.** Before the VICTORY LANE® Center's opening, you must complete our initial training ("**Initial Training**") which we will provide to two people, including a person owning at least 20% of the franchise that plans to be working in the VICTORY LANE® Center at least 50% of the time ("**Manager**") at the location we designate (which may be online). If you are signing this Franchise Agreement under an area development agreement with us for the second or subsequent VICTORY LANE® Center to be developed thereunder, then you agree that, if established, you must comply with our certification program under which you will be responsible for conducting all Initial Training.

(b) **Staff Training.** During a specific time, which we will designate, we will allow up to three of your employees to attend our "**Staff Training**" at your VICTORY LANE® Center, or training facility we designate. You are otherwise responsible for training your staff. The Staff Training will be led by your Manager, and leading the Staff Training will be covered as part of the Manager's Initial Training. We require your personnel who attend Staff Training to complete Staff Training to our satisfaction prior to your opening your VICTORY LANE® Center. You are responsible for all costs of your Staff attending the Staff Training program, including their wages during the Staff Training.

(c) **Completion of Initial Training.** Successful completion of Initial Training, Staff Training and any additional or extended initial training we require is a condition to the opening of VICTORY LANE® Center to the public. The initial training program must be completed prior to the date that your Franchised Business is scheduled to open. We reserve the right to vary the length and content of the Initial Training as we deem appropriate in our sole discretion based on the experience of the attendee. We shall determine the scheduling, exact duration, contents and manner of the Initial Training in our discretion and may delay your attendance until a suitable time near the grand opening date for your VICTORY LANE® Center in our discretion. If you are opening a second or subsequent VICTORY LANE® Center, you have the option to waive all or part of the Initial Team training, provided your existing location(s) are in compliance with all Victory Lane system standards and operational procedures.

**7.2 Additional Training.** We may require you (or your Manager and/or previously trained and experienced employees/staff to attend periodic refresher training courses at such times and locations that we designate. If we require you, your Managers and/or any previously trained and experienced employees to re-take or attend additional or extended initial training, or if, at any time after the VICTORY LANE® Center opens, you hire additional management personnel or replace one or more of your Managers, the employees must satisfactorily complete our additional training program at your

expense, which may include our then-current training fees and reimbursement for expenses we or our representatives incur in providing training (“**Additional Training**”).

**7.3 Opening Team.** After opening your VICTORY LANE® Center, we will provide an “**Opening Team**” to provide approximately four days of additional training at your VICTORY LANE® Center and to provide Staff Training. We may require additional opening team members “**Opening Team Members**” or additional days, and if you request additional days or Opening Team Members, we may charge Additional Training Fees and Additional Training Expenses. You must pay for all travel related expenses for our representatives, including travel, lodging and food and beverages during the training provided by our Opening Team Members. We are not required to provide an Opening Team or other on-site training to you if you are a transferee of an existing VICTORY LANE® Center, but may do so depending upon your experience and ability.

**7.4 Victory Lane University.** Online training through our Victory Lane University (“**VLU**”) is available for all employees. You assume responsibility for upkeep of employee roster and rank inside of VLU. A monthly fee of \$2.00 per student will apply to all active employees inside the VLU roster.

**7.5 General Guidance.** We will advise you from time-to-time regarding the operation of the VICTORY LANE® Center based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

- (a) standards, specifications and operating procedures and methods utilized by VICTORY LANE® Centers;
- (b) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) Product and Service inventory practices and purchasing practices;
- (d) use of suppliers and approved products and supplies;
- (e) sales, pricing policies and the like;
- (f) employee, and management training; and
- (g) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Brand Standards Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the VICTORY LANE® Center.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

## 8. MARKS

**8.1 Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the VICTORY LANE® Center at the Site pursuant to,

and in compliance with, this Agreement and all System Standards we prescribe from time-to-time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the VICTORY LANE® Center in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

**8.2 Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the VICTORY LANE® Center, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Brand Standards Manual or otherwise. We will place a conspicuous notice at a place we designate in your VICTORY LANE® Center identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the VICTORY LANE® Center or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the VICTORY LANE® Center, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**8.3 Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

**8.4 Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the VICTORY LANE® Center's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

**8.5 Notification of Infringements and Claims.** If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your VICTORY LANE® Center to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks, or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

**8.6 Copyrights.** You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use the Copyrights are derived solely from this Agreement and limited to your operation of your VICTORY LANE® Center. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your VICTORY LANE® Center. You must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials which could be subject to copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional Copyrights we authorize you to use during the Term of this Agreement. You must place copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of Copyright assignments or licenses we specify for any Copyrights you develop or modify for use in your VICTORY LANE® Center and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, Copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information.

**8.7 Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

**8.8 Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

**8.9 Marks and Copyright Indemnification.** We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten days of your receipt of

such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

## 9. CONFIDENTIAL INFORMATION

**9.1 Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (“**Confidential Information**”) relating to the development and operation of VICTORY LANE® Centers, which includes (without limitation):

- (a) the System and the know-how related to its use;
- (b) plans, specifications, size and physical characteristics of VICTORY LANE® Centers;
- (c) site selection criteria, land use and zoning techniques and criteria;
- (d) design of equipment, furniture, forms, materials and supplies;
- (e) training for VICTORY LANE® Centers;
- (f) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of VICTORY LANE® Centers;
- (g) knowledge of specifications for certain products and supplies and suppliers of certain products and supplies; and
- (h) knowledge of operating results and financial performance of VICTORY LANE® Centers other than those operated by you (or your affiliates).

**9.2 Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of the VICTORY LANE® Center by furnishing the Brand Standards Manual to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your VICTORY LANE® Center, you or your employees may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your VICTORY LANE® Center, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of VICTORY LANE® Centers. Improvements will then also constitute Confidential Information.

**9.3 Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your VICTORY LANE® Center, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) will not use the Confidential Information in any other business or capacity;
- (b) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement;
- (c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Brand Standards Manual; and
- (d) will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

**9.4 Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

- (a) disclosure or use of information, processes, or techniques which are generally known and used in the VICTORY LANE® Center business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and
- (b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

## 10. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among VICTORY LANE® Centers if franchised owners of VICTORY LANE® Centers were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the Term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the VICTORY LANE® Center;
- (b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;
- (c) perform services as a director, officer, Manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;
- (d) recruit or hire any person who is our employee or the employee of any VICTORY LANE® Center without obtaining the prior written permission of that person's employer; or

(e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your VICTORY LANE® Center or otherwise (other than VICTORY LANE® Centers operated under franchise agreements with us). This provision does not prohibit passive investments in other VICTORY LANE® Centers. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The words “**Competitive Business**” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Marketing Area (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Marketing Area (including, but not limited to, the services we authorize), but excludes a VICTORY LANE® Center operating under a franchise agreement with us). A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller or the like for any business franchising or licensing Competitive Businesses other than us.

## 11. OPERATION AND SYSTEM STANDARDS

**11.1 Brand Standards Manual.** We will loan you (or make available online or via other electronic format), during the Term of this Agreement, one copy of our Brand Standards Manual, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees from time-to-time for use in operating a VICTORY LANE® Center. The Brand Standards Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time-to-time for the operation of a VICTORY LANE® Center and information relating to your other obligations under this Agreement and related agreements (“**System Standards**”). We, in our sole discretion, may make the Brand Standards Manual accessible to you online or via other forms of electronic format like, using the Internet or on Intranet or CD-ROM (instead of loaning one copy of it to you). You agree to follow the standards, specifications and operating procedures we establish periodically for the System that are described in the Brand Standards Manual. You also must comply with all updates and amendments to the VICTORY LANE® System as described in newsletters or notices we distribute, including via Computer System or other media we select). The Brand Standards Manual may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any online version (or electronic format) of the Brand Standards Manual for changes to them. If we make the Brand Standards Manual accessible to you online (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Brand Standards Manual accessible to you online is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Brand Standards Manual as confidential and maintain the information in the Brand Standards Manual as secret and confidential. You agree to keep your printed copy of the Brand Standards Manual (if any) current and in a secure location at the VICTORY LANE® Center. In the event of a dispute relating to the contents of any printed copy of the Brand Standards Manual, the master copy of the Brand Standards Manual we maintain at our principal office will be controlling. However, in the event we utilize online Brand Standards Manual, the most recent online Brand Standards Manual will control any disputes between the online version and printed copies of the Brand Standards Manual. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Brand Standards Manual.

**11.2 Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the VICTORY LANE® Center in accordance with System Standards are essential to preserve the goodwill of the Marks and all VICTORY LANE® Centers. Therefore, at all times during the Term of this Agreement, you agree to operate and maintain the VICTORY LANE® Center in accordance with each and every System Standard, as we periodically modify and supplement them during the Term of this Agreement. System Standards may regulate any one or more of the following with respect to the VICTORY LANE® Center:

- (a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- (b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating the VICTORY LANE® Center;
- (c) required inventory and inventory levels;
- (d) designated or approved suppliers of fixtures, furnishings, equipment, Products and Services and other items we require for the operation of your VICTORY LANE® Center;
- (e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or unaffiliated suppliers;
- (f) sales, marketing, rebates, giveaways, advertising and promotional programs and materials that are required or approved for use by your VICTORY LANE® Center;
- (g) use and display of the Marks and Copyrights;
- (h) staffing levels for the VICTORY LANE® Center, and qualifications, training, dress and appearance of employees;
- (i) days and hours of operation of the VICTORY LANE® Center;
- (j) acceptance of credit cards, gift certificates, coupons, frequent customer programs, and payment systems and check verification services;
- (k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (l) types, amounts, terms and conditions of insurance coverage required to be carried for the VICTORY LANE® Center and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the VICTORY LANE® Center at your expense if you fail to obtain

required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(m) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the VICTORY LANE® Center; and

(n) regulation of such other aspects of the operation and maintenance of the VICTORY LANE® Center that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and VICTORY LANE® Centers.

You agree that System Standards prescribed from time-to-time in the Brand Standards Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

**11.3 Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in the VICTORY LANE® Center (“**Capital Modifications**”) and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Modifications when such investment cannot, in our reasonable judgment, be amortized during the remaining Term of this Agreement, plus all eligible successor periods, unless we agree to extend the term of your Franchise so that such additional investment, in our reasonable judgment, may be amortized; unless such investment is necessary in order to comply with applicable laws. We agree to give you 90 days to comply with Capital Modifications we require. You are obligated to comply with all modifications to System Standards, including Capital Modifications, within the time period we specify. In no event will we require you to spend in excess of 25% of our high estimate of the cost of the sum of leasehold improvements and furniture, fixtures and equipment from our Franchise Disclosure Document during the Term of this Agreement in connection with Capital Modifications.

**11.4 Interior and Exterior Upkeep.** You agree, at all times, to maintain the VICTORY LANE® Center’s interior and exterior and the surrounding area (including all sidewalks, common areas and parking lots used by customers) in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the VICTORY LANE® Center established in the Brand Standards Manual and by federal, state and local laws.

**11.5 Hours of Operation.** You agree to operate the VICTORY LANE® Center during the hours and on the days prescribed by us in the Brand Standards Manual or otherwise approved in advance in writing by us.

**11.6 Operating Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Brand Standards Manual, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting software then used by us in the operation of our own (or our affiliates’ own) VICTORY LANE® Centers.

**11.7 Computer System.** If you do not already have them, you must purchase from us and install the computer services, components, equipment, computer hardware, software, printers, and

communications equipment and services, and the software used in connection with the Business Management System and other operating or communications software we designate or approve for use by VICTORY LANE® Centers (the “**Software**”, and collectively, the “**Computer System**”) before opening your VICTORY LANE® Center. These fees are not refundable under any circumstances. We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (like DSL, Frac, T-1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We require you to acquire high speed internet capabilities (like DSL, Frac, T-1, Cable Modem or ISP). Your purchase of these items is non-refundable unless an item can be returned in its original, unused conditions or if an issue with the items or equipment is covered under warranty. Our and our designees’ modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur cost to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in VICTORY LANE® Centers that we or they own and operate. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Business Management System, permitting us to review the results of your VICTORY LANE® Center’s operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we may license to you and other maintenance and support services that we or our affiliates may furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then-current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us or our affiliates.

**11.8 Trade Operating Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your VICTORY LANE® Center’s operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

**11.9 Retail Prices.** Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for the Products and Services you offer and sell.

**11.10 Approved Products.** You must only offer and sell the Products and Services and other items we have designated or previously approved for sale at the VICTORY LANE® Center. You agree to obtain such designated or approved Products and Services from designated or approved suppliers, that may include only us or our affiliates. You agree not to sell, dispense, give away or otherwise offer or provide Products and Services except by means of retail sales from the Site. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of the VICTORY LANE® Center and as designated in our System Standards. You will not, except with our express written permission, permit any jukeboxes, electronic games, vending machines (including cigarette, gum and candy machines), ATM machines, newspaper racks, entertainment devices, coin or token operated

machines (except pay telephones), or gambling devices to be used on the premises of the VICTORY LANE® Center and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs. We may refuse, withhold or revoke our approval at any time for any reason.

**11.11 Management.** We require that you either directly ~~operation~~operate your VICTORY LANE® Center (if you are an individual) or designate a manager who has at least 20% ownership of your voting securities (if you are a Business Entity) as your business manager (“**Business Manager**”). ~~Your~~We require that you take an active role in managing the operations of your VICTORY LANE® Center. You can choose to act as your own Business Manager, or you can hire a Business Manager. The Business Manager will be ~~principally~~responsible for communicating with us ~~about the VICTORY LANE® Center and must have the authority and responsibility.~~ You or your Business Manager is responsible for the day-to-day~~all~~ operations of your VICTORY LANE® Center. ~~Either you, whether they are on or a Business Manager must~~off-site, and should be at the Site~~directly supervising operations at all times when your VICTORY LANE® Center is open.~~

You (if you are an individual) or your Business Manager (if you are a Business Entity) must successfully complete our training program. If you replace your Business Manager, the new Business Manager must satisfactorily complete our training program at your own expense.

Any officer that does not own equity in the franchisee entity must sign the “System Protection Agreement,” the form of which is attached to the Franchise Disclosure Document in Exhibit H-2. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit H-3.

**11.12 Personnel.** You agree to hire, train and supervise VICTORY LANE® Center employees in accordance with the specifications set forth in the Brand Standards Manual. You must determine appropriate staffing levels for your VICTORY LANE® Center to ensure full compliance with this Agreement and our system standards. You are solely responsible to hire, train and supervise employees or independent contractors to assist you with the proper operation of the VICTORY LANE® Center. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings levied or fixed by any city, state or federal governmental agency, or otherwise required by law) due for your employees or as applicable, for your independent contractors. These employees and independent contractors will be employees or contractors of yours and not of ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform their assigned tasks. You must inform your employees and independent contractors that you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, timecards and similar items.

You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision and discipline. We will not provide you with any advice or guidance on these matters. You must require your employees and independent contractors to review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You agree that any direction you receive from us regarding employment/engagement policies should be considered as examples, that

you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel competent in employment law.

**11.13 Customer Complaints.** If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. If we resolve a customer complaint on your behalf, you must reimburse us for the reasonable costs we incur for responding to a customer complaint, including the value of any gift card, refund or other value we provide to the customer as part of addressing the issue, plus a 10% administration fee.

**11.14 Compliance with Applicable Laws.** You will be responsible for the operation of your VICTORY LANE® Center, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you. We will not have any right, obligation or responsibility to control, supervise or manage your employees, agents or independent contractors. You will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling and the operation of your VICTORY LANE® Center including, but not limited to: (a) licensing laws; (b) health and safety regulations and laws; (c) environmental laws; (d) all laws relating to the storage, handling, transportation, use and disposal of any waste, hazardous substances; (e) employment law (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws); and (f) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes and real estate taxes and federal, state and local income tax laws). You will, at your expense, be solely and exclusively responsible for determining the licenses and permits required by law for your VICTORY LANE® Center, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors. We will have no liability for any taxes which arise or result from your VICTORY LANE® Center and you will indemnify us for any such taxes that may be assessed or levied against us which arise out of or result from your VICTORY LANE® Center. If any "franchise" or other tax which is based upon the revenues, receipts, sales, business activities or operation of your VICTORY LANE® Center is imposed upon us by any taxing authority, then you will reimburse us for all such taxes paid by us. You must also operate your VICTORY LANE® Center at the highest standard of care to avoid contamination of the soils and groundwater at and around the Site and to detect promptly and minimize the adverse effects of any such contamination. You will be responsible and liable for the day-to-day operation and maintenance of all equipment and devices located at the VICTORY LANE® Center. You will maintain and periodically inspect all equipment and devices at the VICTORY LANE® Center, and will provide copies of all records to us for the periods designated in any written request by us. Upon receiving written notice, you will certify to us, in the form designated by us, that you have kept accurate records for the VICTORY LANE® Center and has reported promptly to all authorities or agencies and to us all matters required by law including, without limitation, known or suspected spills or leaks of regulated substances at the VICTORY LANE® Center. Upon our written request, you will execute and deliver all other documents required by us to establish your compliance with this provision of this Agreement.

## 12. MARKETING AND PROMOTION.

**12.1 Establishment of System Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of VICTORY LANE® Centers, we have the right to establish a system-wide development, marketing and promotional fund ("**System Development Fund**") for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of VICTORY LANE® Centers and enhance the operations of VICTORY LANE® Centers. You must pay to us, or our designee, the System Development Fees we designate as set

forth in Exhibit “A”. We reserve the right to defer or reduce System Development Fees of a VICTORY LANE® Center franchisee and, upon 30 days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. We reserve the right to dissolve and terminate the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding 12-month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as Franchise owners for any VICTORY LANE® Center we or they own and operate.

**12.2 Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, developing, preparing and implementing audio or written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain online ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

**12.3 Operating Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all VICTORY LANE® Centers to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to other System Development Fees, we may assess you, and you must pay to the System Development Fund such System Development Fees as we or the System Development Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

**12.4 System Development Fund Limitations.** The System Development Fund will be intended to maximize recognition of the Marks and patronage of VICTORY LANE® Centers. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all VICTORY LANE® Centers, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by VICTORY

LANE® Centers operating in that geographic area or that any VICTORY LANE® Center will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund.

**12.5 Advertising and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 30 days after our receipt of such materials, they will be deemed disapproved. You may not use any advertising or promotional materials that we have disapproved.

**12.6 Local Advertising Cooperatives and Advisory Council.** When two or more VICTORY LANE® Centers, including your VICTORY LANE® Center, are opened in your Marketing Area (or other market area designated by us), we may require you and the other VICTORY LANE® Centers in your Marketing Area may form a local advertising group (“**Local Advertising Association**” or “**LAA**”) which will conduct and administer media advertising, promotion, marketing and public relations (“**Advertising and Marketing**”) for the benefit of the VICTORY LANE® Centers located in the Marketing Area. You will be required to, if a Local Advertising Association is established for an area including your Marketing Area, contribute to it an amount determined by the LAA, participate in its activities and be subject to its governing documents. We may require that LAA rules, governing documents and expenditures be subject to our approval. Local Advertising Associations will be subject to the following terms and conditions:

- (a) The LAA will consist of all VICTORY LANE® Centers in the Marketing Area, including the VICTORY LANE® Centers owned by us or an affiliated company in the Marketing Area.
- (b) Each VICTORY LANE® Center in the Marketing Area, including the VICTORY LANE® Centers owned by us or an affiliated company, will be a Member of the LAA. Each Member will have one vote for each franchised or company-owned VICTORY LANE® Center owned by it in the Marketing Area on all matters to be voted upon at duly convened meetings.
- (c) Each Member will be given five days written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LAA will be required to convene any meeting of the LAA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert’s Rules of Order.
- (d) The purpose of the LAA will be to conduct Advertising and Marketing for the benefit of all VICTORY LANE® Centers located in the Marketing Area.
- (e) The LAA will not conduct any Advertising and Marketing program or campaign for the VICTORY LANE® Centers in the Marketing Area unless and until we have given the LAA prior written approval for all concepts, materials or media proposed for any such Advertising and Marketing program or campaign.
- (f) On or before the 10th day of each month, each Member of the LAA will contribute up to 2% of the monthly Gross Sales generated during the previous month by the Member’s

VICTORY LANE® Center to the LAA (“**Local Advertising Cooperative Fee**”). The Local Advertising Cooperative Fee contributed by the Members will be used by the LAA for Advertising and Marketing programs and campaigns for the benefit of all VICTORY LANE® Centers in the Marketing Area. The cost of all Advertising and Marketing in the Marketing Area must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Advertising and Marketing approved by the Members exceeds the amount of funds available to the LAA, then the Local Advertising Cooperative Fee payable by you and all other Members to the LAA pursuant to this provision may be increased by vote of a majority of the Members present at a duly convened meeting. You will contribute the amount of the Local Advertising Fee agreed to by the Members to the LAA in accordance with this provision.

(g) The LAA will, within 20 days after the end of each calendar quarter, furnish to us and its Members in the form prescribed by us, a written summary of the Members’ contributions to the LAA and an accurate accounting of the LAA’s expenditures for approved Advertising and Marketing.

The Local Advertising Cooperative Fee paid by you to the LAA may be applied to the suggested 5% local advertising requirement in this Agreement. Otherwise, contributions to the LAA by you pursuant to this provision will be in addition to the payment of the System Development Fees and the other advertising obligations of you set forth in this Agreement.

There are currently no franchisee advisory councils that advise us on advertising policies. We reserve the right to establish an advisory council of franchisees that will advise us on advertising policies and other matters. The council will be governed by bylaws, and members will consist of both franchisees and corporate representatives. Members will be selected by way of a voting method specified in the council’s bylaws. The council would serve in an advisory capacity only.

**12.7 Local Advertising Expenditures.** You must submit an initial and annual Center advertising plan. We will review and approve your plan, including any minimum or required expenditures. We recommend, but do not require, that you spend 5% of your Gross Sales on local advertising per calendar month. We may review your books and records relating to your expenditures for such advertising and promotion. We may permit your Local Advertising Cooperative Fees to count toward this local advertising expenditure requirement. ~~In addition to your minimum local advertising requirements, above, you must obtain telephone directory listings in the “white pages” and the “yellow pages” in the size and manner we specify, displaying the Marks, and for the listings we designate. If other franchise owners operate VICTORY LANE® Centers in the Marketing Area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising.~~ In addition to your recommended local advertising expenditures above, we will maintain an up-to-date Google My Business and/or other online listing(s) for your location, which is currently designed and maintained through our marketing services and support team at no charge; however, we reserve the right to charge or pass through costs for these services in the future.

**12.8 Grand Opening.** You must spend a minimum of \$15,000 on a grand opening event for your VICTORY LANE® Center, which should include an advertising program and ribbon cutting event, in the form we designate or approve. We may review your books and records relating to your expenditures for such grand opening event. You will purchase certain promotional items for your grand opening from us with an estimated cost of approximately \$100 to \$1,000. The items you purchase from us are non-refundable unless such item(s) are returned in original condition or covered under a warranty.

**12.9 Websites.** We have the right to control all use of URL’s, domain names, websites, addresses, metatags, links, email addresses and any other means of electronic identification or origin (“e-

names”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, Twitter, Facebook, Linked-In, wireless technology, digital cable, use of e-names, email, websites, home pages, bulletin boards, chat rooms, email, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “e-commerce”). We have the right to monitor your and your employees’ e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You may not establish an account or participate in any social networking sites or blogs, crowdfunding campaigns or discuss the VICTORY LANE® Franchise, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not provide any products or services related to the operation of your VICTORY LANE® Center that we have not approved. You may not create a website for your VICTORY LANE® Center and you may not advertise or sell products or services using e-commerce, unless previously approved by us. We require that you provide information to us via e-commerce and order products and supplies via e-commerce. We may require you to coordinate your e-commerce activities with the Business Management System. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information. You must not use any Mark as part of any domain name, Internet or “Email” address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.

**12.10 Signage.** All exterior and interior signs at the VICTORY LANE® Center (“Signs”) must comply with the standard sign plans and specifications established by us and provided to you. You will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to us for written approval. We will have the absolute right to inspect, examine, videotape and photograph the Signs at the VICTORY LANE® Center during the Term of this Agreement. You will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. You will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. You may not alter, remove, change, modify, or redesign the Signs unless approved by us in writing. We will have the right to redesign the specifications for the Signs without the approval or consent of you. Within 90 days after receipt of written notice from us, you will, at your expense, either modify or replace the Signs so that the Signs displayed at the VICTORY LANE® Center will comply with the new specifications. You will not be required to modify or replace the Signs more than once every five years.

**12.11 Identification of Franchise.** You will not use the names “Victory Lane Quick Oil Change®”, or “Victory Lane” or any derivative thereof in the name of your Business Entity that owns or operates your VICTORY LANE® Center or in any name of your affiliated or controlled entity in any incorporation, organization or other legal formation documents filed with any state government or

agency. You will hold yourself out to the public as an independent contractor operating your VICTORY LANE® Center pursuant to a Franchise from us. You will file for a certificate of assumed name in the manner required by applicable state law to notify the public that you are operating your VICTORY LANE® Center as an independent contractor.

### 13. RECORDS, REPORTS AND FINANCIAL STATEMENTS

**13.1 Operating Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use approved computer hardware and Software in order to maintain certain sales data and other information, including updating the Brand Standards Manual and for communication purposes. You agree that we may have access to such sales data and other information through the Computer System at all times.

**13.2 Reports.** You agree to furnish to us on such forms that we prescribe from time-to-time:

(a) a report on the VICTORY LANE® Center's Gross Sales during any period where we are unable to download such data when you submit the Royalty payment;

(b) within 15 days after the end of each calendar quarter: (i) a profit and loss statement for the VICTORY LANE® Center for the immediately preceding calendar month and year-to-date; and (ii) a balance sheet as of the end of such month;

(c) within 90 days after the end of the VICTORY LANE® Center's fiscal year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for the VICTORY LANE® Center as of the end of such fiscal year; and

(d) within three days after our request: (i) exact copies of federal and state income, sales and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

**13.3 Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the VICTORY LANE® Center. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of the VICTORY LANE® Center and to retrieve all information relating to the VICTORY LANE® Center's operations.

**13.4 Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your VICTORY LANE® Center, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

### 14. INSPECTIONS AND AUDITS

**14.1 Our Right to Inspect the VICTORY LANE® Center.** To determine whether you and the VICTORY LANE® Center are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and with prior notice to you (but without prior notice if we have reason to believe the VICTORY LANE® Center is not operating in compliance), to:

- (a) inspect the VICTORY LANE® Center;
- (b) observe, photograph and videotape the operations of the VICTORY LANE® Center for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, materials or supplies for testing and analysis;
- (d) interview personnel and customers of the VICTORY LANE® Center; and
- (e) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to your operation of the VICTORY LANE® Center.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You will provide us and our designees (like accountants and auditors) access to your Site and records to facilitate our efforts. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within three days.

**14.2 Our Right to Audit.** We have the right at any time during your business hours, and with three days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the VICTORY LANE® Center's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by 2% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**14.3 Independent Shopping Services.** We will have the right to hire an independent shopping or other evaluation service to: (a) visit the VICTORY LANE® Center; (b) interview the customers of the VICTORY LANE® Center by telephone, electronically, interactive voice response, or in person; (c) summarize information from customer surveys or comment cards for the VICTORY LANE® Center; and (d) communicate with customers of the VICTORY LANE® Center by email or in writing, by direct contact, electronically, or interactive voice response for the purpose of evaluating: (i) the operations of the VICTORY LANE® Center; (ii) the quality of the Products and Services provided to customers by the VICTORY LANE® Center; (iii) whether you are in compliance with the operational and quality standards specified in the Brand Standards Manual; and (iv) your compliance with all of the terms and conditions of this Agreement. We will determine the frequency, nature and extent of the evaluation services that will be provided and the form of the reports the shopping service will provide to us.

## 15. TRANSFER

**15.1 By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

**15.2 By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than 51% in you or the VICTORY LANE® Center may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term “**transfer**” includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the VICTORY LANE® Center.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of an interest in you, this Agreement or the VICTORY LANE® Center in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or the VICTORY LANE® Center, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the VICTORY LANE® Center or your transfer, surrender or loss of possession, control or management of the VICTORY LANE® Center.

**15.3 Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for VICTORY LANE® Center franchisees. A transfer of ownership, possession or control of the VICTORY LANE® Center may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) the transferee has sufficient business experience, aptitude and financial resources to operate the VICTORY LANE® Center;
- (b) you have paid all Royalties, System Development Fees, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- (c) the transferee (or its manager) and its managerial employee (if different from your Manager) have agreed to complete our standard training program;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) you or the transferee pay us a transfer fee equal to 25% of the then-current Initial Franchise Fee to defray expenses we incur in connection with the transfer. You must also pay us the costs of training the transferee (or its Manager) and its managerial personnel not to exceed \$2,500 per person, plus travel and living expenses to attend the training;

(f) you (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all known and unknown claims against us and our shareholders, officers, directors, employees and agents;

(g) you and the transferee enter into a Deferred Maintenance Agreement in the same form provided in Exhibit H-9 of our Franchise Disclosure Document, which requires either you or the transferee to repair conditions of VICTORY LANE® Center, as identified by us, within 90 days of the purchase;

(h) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the VICTORY LANE® Center;

(i) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the VICTORY LANE® Center are subordinate to the transferee's obligation to pay Royalties, System Development Fees, contributions and other amounts due to us and otherwise to comply with this Agreement;

(j) you and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the Effective Date of the transfer, by the restrictions contained in Section 17.4 of this Agreement; and

(k) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other VICTORY LANE® Centers you own and operate) identify yourself or themselves or any business as a current or former VICTORY LANE® Center, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a VICTORY LANE® Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

If the proposed transfer is among your owners, Section 15.2(e) will not apply, although the transferee is required to reimburse us for any administrative costs and legal fees we incur in connection with the transfer.

**15.4 Transfer to a Business Entity.** Notwithstanding Section 15.3, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the VICTORY LANE® Center and, if applicable, other VICTORY LANE® Centers so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business

Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

**15.5 Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the VICTORY LANE® Center.

**15.6 Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the VICTORY LANE® Center is not being managed by a trained Manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed 15 days from the date of death or disability, appoint a Manager to operate the VICTORY LANE® Center. Such Manager will be required to complete training at your expense. Pending the appointment of a Manager as provided above or if, in our judgment, the VICTORY LANE® Center is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, or if you fail to cure any breaches of the Franchise Agreement, we have the right, but not the obligation, to appoint a Manager for the VICTORY LANE® Center. All funds from the operation of the VICTORY LANE® Center during the management by our appointed Manager will be kept in a separate account, and all expenses of the VICTORY LANE® Center, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and System Development Fees and contributions payable under this Agreement) during the period that our appointed Manager manages the VICTORY LANE® Center, which will be the greater of 10% of your monthly Gross Sales or \$5,000 per month ("**Business Management Fee**"). Operation of the VICTORY LANE® Center during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the VICTORY LANE® Center or to any of your creditors for any products, materials, supplies or services the VICTORY LANE® Center purchases during any period it is managed by our appointed Manager.

**15.7 Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the VICTORY LANE® Center or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the VICTORY LANE® Center or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

**15.8 Our Right of First Refusal.** You must not assign or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to us in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction (“**Franchisee’s Offer**”). We will have 30 business days after receipt of the Franchisee’s Offer to give you written notice which will either waive our option to purchase (“**Waiver Notice**”) or will state that we intend to exercise our rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee’s Offer (“**Letter of Intent**”). The “**Major Assets**” are all or substantially all of the assets of the VICTORY LANE® Center, including but not limited to the Operating Assets and Center Materials necessary to sustain operations or enable another to be able to, alone or in conjunction with other assets, operate a competing business. We have the sole right to determine if any assets are Major Assets. Therefore, if you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and/or the VICTORY LANE® Center or an ownership interest in you, you (or such owner) agree to obtain a bona-fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, in the form of the Franchisee’s Offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona-fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the VICTORY LANE® Center and may not include an offer to purchase any of your (or your owners’) other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the VICTORY LANE® Center must reflect the bona-fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by our Letter of Intent within 30 days from the date of the delivery to us of both an exact copy of Franchisee’s Offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in the Franchisee’s Offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than 60 days after the Notice Date of our election to purchase to prepare for closing; and
- (d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
  - (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

- (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

The date we provide you our Letter of Intent is the “**Notice Date.**” We will have the absolute and unconditional right to terminate our decision to purchase and any obligations in the Letter of Intent and any obligation to purchase the Major Assets from you for any reason and at any time during the due diligence review period by giving you written notice. You will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Franchisee’s Offer to us if: (a) we deliver the Waiver Notice to you, (b) we fail to deliver either the Waiver Notice or the Letter of Intent to the Franchisee within 30 business days after receiving the Franchisee’s Offer, (c) we terminate our Letter of Intent during the due diligence period pursuant to the provisions of this Section, or (d) you and we fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by us from you (other than those objective terms and conditions contained in the Franchisee’s Offer) on or before the 60th day after the Notice Date.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.4 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(k) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of Franchisee’s Offer, subject to our approval of the transfer as provided in Sections 15.2 and 15.3, provided that, if the sale to such purchaser is not completed within 120 days after delivery of Franchisee’s Offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Our option to purchase in this Section will not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by you to a bank, financial institution or other lender in connection with your financing of (a) the real estate or leasehold improvements for Center, (b) the FF&E for the Center, (c) inventory or supplies for the VICTORY LANE® Center, or (d) working capital required by the VICTORY LANE® Center.

## 16. TERMINATION OF AGREEMENT

**16.1 By You.** If you and your owners are in compliance with this Agreement and we fail to comply with this Agreement and do not correct or commence correction of such failure within 60 days after written notice of such failure is delivered to us, you may terminate this Agreement effective 60 days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

**16.2 By Us.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) you (or any of your owners) have made any misrepresentation or omission in connection with your purchase of the Franchise;
- (b) you or the required number of your personnel fail to successfully complete initial training to our satisfaction or you have not fulfilled all of the conditions for management of the VICTORY LANE® Center described in this Agreement;

- (c) you fail to commence construction of the VICTORY LANE® Center within six months of the Effective Date, or with any extension granted to you by us;
- (d) you fail to open the VICTORY LANE® Center within 24 months of the Effective Date;
- (e) you abandon or fail to actively operate the VICTORY LANE® Center for two or more consecutive business days, unless the VICTORY LANE® Center has been closed for a purpose we have approved or because of casualty or government order;
- (f) you surrender or transfer control of the operation of the VICTORY LANE® Center without our prior written consent;
- (g) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other VICTORY LANE® Center;
- (h) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the VICTORY LANE® Center or another VICTORY LANE® Center or the goodwill associated with the Marks;
- (i) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the VICTORY LANE® Center;
- (j) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;
- (k) you lose the right to possession of the Site;
- (l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Brand Standards Manual in violation of this Agreement;
- (m) you violate any health, safety, environmental or sanitation law, ordinance or regulation and do not begin to cure the non-compliance or violation immediately, and correct such non-compliance or violation within five days, after written notice is delivered to you;
- (n) you fail to make payments of any amounts due to us and do not correct such failure within ten days after written notice of such failure is delivered to you;
- (o) you fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within ten days after written notice of such failure is delivered to you by such supplier;
- (p) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the VICTORY LANE® Center, unless you are in good faith contesting your liability for such taxes;

(q) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you, each of which shall constitute an event of default under this Franchise Agreement;

(r) we determine that you are promoting a Competitive Business to customers or are informing customers that you will cease operations as a VICTORY LANE® Center prior to the end of the Term;

(s) you (or any of your owners) fail on two or more separate occasions within any period of 12 consecutive months or on three occasions during the Term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

(t) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the VICTORY LANE® Center is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you or the VICTORY LANE® Center is not vacated within 30 days following the entry of such order.

**16.3 – Termination upon Expiration.** You must notify us within the first 90 days of the final year of this Agreement whether or not you intend to enter into a Successor Franchise under Section 3 of this Agreement. Regardless of notice period, this Agreement is in full force and effect until the final termination date of this Agreement, including any/all payments due to us under this Agreement.

(a) If you request a Successor Franchise, then Section 3 of this Agreement will govern the terms of the Successor Franchise.

(b) If you choose not to request a Successor Franchise within the terms specified by Section 3 of this Agreement, then we may choose to:

i. purchase your VICTORY LANE® Center in accordance with Section 17.5 of this Agreement, which rights we may assign to a third party for purposes of continuing operations of the business as a the VICTORY LANE® Center; or

ii. require you de-identify your VICTORY LANE® Center, and otherwise comply with all obligations set forth in Sections 17.1 through 17.4, and 17.6 of this Agreement.

## 17. RIGHTS AND OBLIGATIONS UPON TERMINATION

**17.1 Payment of Amounts Owed to Us.** You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Royalties, System Development Fees, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us which are then unpaid.

**17.2 Marks and De-Identification.** Upon the termination or expiration of this Agreement for any reason:

(a) to allow us sufficient time (up to 60 days) to determine if we will exercise a right to purchase and/or to confirm you are in compliance with all other post-termination obligations, you will not, without our express written permission, sell, transfer, encumber, lease, convey, gift, or make available to use to any other person or entity the furniture, fixtures, equipment, lease, real property, inventory or personal property owned by or used by your VICTORY LANE® Center;

(b) for a period of 60 days, you will not transfer, encumber, lease, pledge, convey or gift any ownership interest in you, or your parent company, if any;

(c) without limiting any other rights in law or equity, you and your owners' consent to our obtaining injunctive relief to enforce (a) and (b) hereof;

(d) you will, immediately upon demand at our direction, and to our sole satisfaction, cover, drape, remove or obscure all signage, trade dress and other identifiable aspects of the VICTORY LANE® Center;

(e) you may not directly or indirectly at any time or in any manner (except with respect to other VICTORY LANE® Centers you own and operate) identify yourself or any business as a current or former VICTORY LANE® Center, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a VICTORY LANE® Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(f) you will not, for a period of 60 days, promote to any former or current customer the operation of any other business at the Site;

(g) you agree to immediately take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(h) if we do not have or do not exercise an option to purchase the VICTORY LANE® Center pursuant to Section 17.5, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.5(a)) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any of our Marks or Copyrights or otherwise identifying or relating to a VICTORY LANE® Center and allow us, without liability to you or third parties, to remove all such items from the VICTORY LANE® Center;

(i) if we do not have or do not exercise an option to purchase the VICTORY LANE® Center pursuant to Section 17.5, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish the VICTORY LANE® Center clearly from its former appearance and from other VICTORY LANE® Centers so as to prevent confusion by the public;

(j) if we do not have or do not exercise an option to purchase the VICTORY LANE® Center pursuant to Section 17.5 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone

company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify prior to such transfer of the number and listings to us, you must not transfer them;

(k) you agree to furnish us, within 30 days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations;

(l) within 30 days after the date of the expiration or termination of this Agreement, you will, at your expense, alter, modify and change both the exterior and interior appearance of the building and the VICTORY LANE® Center so that it will be clearly distinguished from the standard appearance of a VICTORY LANE® Center and/or prevent public confusion; and

(m) You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively “**Identifiers**”) used in the operation of your VICTORY LANE® Center Business constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of our right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by Franchisee to promote the VICTORY LANE® Center Business and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

**17.3 Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Brand Standards Manual and any other confidential materials that we have loaned to you.

**17.4 Competitive Restrictions.** During the Term of this Agreement and upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise) for a period of two years commencing on the effective date of termination or expiration, neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business (as defined in Section 10) operating:

(a) at the Site;

- (b) within the Marketing Area;
- (c) within 25 miles of the Site or Marketing Area;
- (d) within 25 miles of any VICTORY LANE® Center that is then under construction or in operation.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

### 17.5 Our Right to Purchase upon Termination or Expiration.

(a) **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the VICTORY LANE® Center from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase the VICTORY LANE® Center. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights.** You agree at our election:

- (i) to assign your leasehold interest in the Site to us;
- (ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or
- (iii) to lease to us if you own the Site in accordance with the Agreement to Lease and our Standard Lease Agreement.

(c) **Purchase Price.** The purchase price for the VICTORY LANE® Center will be its “Book Value” (i.e., value of the VICTORY LANE® Center’s assets carried on the balance sheet for that VICTORY LANE® Center), determined in a manner consistent with generally accepted accounting principles consistent with our System Standards; provided that the VICTORY LANE® Center will be valued as an independent business and its value will not include any value for:

- (i) the Franchise or any rights granted by this Agreement;
- (ii) the Marks or Copyrights; or
- (iii) participation in the network of VICTORY LANE® Centers.

Book Value will be determined by an accountant of our choice and you must provide that accountant access to your books and records to determine Book Value. If you do not provide such access when requested, the purchase price will be determined by us based on an estimate of your Book Value.

(d) **Goodwill Not Included.** The Center's Book Value will not include the goodwill you developed in the market of the VICTORY LANE® Center that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will not be considered in determining the VICTORY LANE® Center's Book Value.

(e) **Excluded Assets.** We may exclude from the Book Value of assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the VICTORY LANE® Center's operation or that we have not approved as meeting standards for VICTORY LANE® Centers, and the purchase price will reflect such exclusions.

(f) **Payment of Purchase Price.** The purchase price will be paid at the closing of the purchase, which will take place at the time we choose, but not later than 90 days after determination of the purchase price. We have the right to set-off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(ii) all licenses and permits of the VICTORY LANE® Center which may be assigned or transferred; and

(iii) -the leasehold interest and improvements in the Site.

(g) **Delivery of Title and Escrow.** If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow- which you and we shall each be responsible for paying half the cost of. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all known and unknown claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

**17.6 Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include, without limitation, indemnification, payment, identification and dispute resolution provisions.

## 18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

**18.1 Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Center personnel and others as

the owner of the VICTORY LANE® Center under a Franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so. You further agree that fulfillment of any and all of our obligations written in the Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

**18.2 No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the VICTORY LANE® Center's operation or the business you conduct pursuant to this Agreement.

**18.3 Taxes.** We will have no liability for any sales, use, surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the VICTORY LANE® Center, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

**18.4 Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates, our parents, and our and our affiliates' and parents' respective shareholders, directors, officers, employees, agents, successors and assignees (“**Indemnified Party(ies)**”) against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of the VICTORY LANE® Center's operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, “**claims**” includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. This includes any claims involving the employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees. We have the right to defend any such claim against us. Without limiting the foregoing, claims includes all claims, damages, attorneys fees and costs arising from, out of, in connection with, or as a result of: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of you or your employees, agents or representatives; (b) any failure on the part of you to comply with any requirement of any laws or any governmental authority; (c) any failure by you to pay any of its obligations to any person or Business Entity; (d) any failure by you to comply with any requirement or condition of this Agreement or any other agreement with us; (e) any misfeasance or malfeasance by you; and (f) any tort committed by you or your employees, agents or representatives. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to

maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

## 19. INSURANCE

**19.1 Types Required.** During the Term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(a) comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your VICTORY LANE® Center;

(b) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your VICTORY LANE® Center, covering such risks as are covered in the Standard Extended Coverage Endorsement, and including coverage of at least \$2,000,000 per occurrence and \$2,000,000 aggregate coverage, insuring you and us, and their officers, directors, agents and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, death, property damage, products liability and other legal liability, resulting from the condition, operation, use, business or occupancy of the VICTORY LANE® Center, including the surrounding premises, the parking area, and the sidewalks;

(c) comprehensive motor vehicle insurance with coverage of at least \$500,000 per occurrence (including personal injury protection, uninsured motorist protection, and “umbrella” coverage) for any motor vehicles operated, owned or leases by your VICTORY LANE® Center or used by any of your employees;

(d) workers’ compensation in the amounts required by applicable law for your VICTORY LANE® Center;

(e) “umbrella” liability insurance; in the minimum amount of \$1,000,000 that will provide liability insurance coverage for loss, liability, claim, damage or expense incurred by you and us in excess of the primary liability insurance coverage carried by you;

(e) liability insurance against liability for personal services care and negligence;

(f) “special perils” property insurance coverage, which will include fire and extended coverage, for the inventory, machinery and FF&E owned, leased or used by you at the VICTORY LANE® Center. The property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual “replacement” cost.

(g) business interruption insurance coverage insuring you against all compensable losses and damages resulting from an interruption in the operation of the VICTORY LANE® Center, in an amount acceptable to us;

(h) if you, or any of your owners, owns, either directly or indirectly, the building or the business premises for the VICTORY LANE® Center, then you will insure the building or the business premises for and against special perils, loss and damages in an amount equal to at least actual “replacement” cost. If the VICTORY LANE® Center is either partially or completely

destroyed by fire or any other catastrophe, then you will use the insurance proceeds to repair or reconstruct the VICTORY LANE® Center as provided for in this Agreement and recommence business as soon as reasonably possible.

- (i) comprehensive crime and blanket employee dishonesty insurance; and
- (j) such other insurance as is required under the Equipment Lease Agreement and any lease or other financing document (if any) for the VICTORY LANE® Center.

We encourage, but do not currently require, you to obtain employment practices liability insurance for your VICTORY LANE® Center. We reserve the right to require employment practices liability coverage at any point in the future upon written notice to you.

**19.2 Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances. Owners of multiple VICTORY LANE® Centers are subject to increased umbrella limits, depending on number of locations. The insurance company must be authorized to do business in the state where your VICTORY LANE® Center is located, and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc.

**19.3 Policy Terms.** All insurance policies must:

- (a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;
- (b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) be endorsed to name us, any affiliates we designate, and our members, officers, directors and employees as additional insureds;
- (d) contain a waiver of the insurance company’s right of subrogation against us;
- (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against you and or us, and your or our officers, directors, agents and employees
- (g) provide that the insurance company will provide us with at least 30 days’ prior written notice of termination, expiration, cancellation or material modification of any policy; and
- (h) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

**19.4 Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your VICTORY LANE® Center required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf, plus 20% of the premium we as an administrative cost of us obtaining the insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

## 20. ENFORCEMENT

**20.1 Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each Term of this Agreement, and any portion of any term, are severable. To the extent any provision is deemed unenforceable, the remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

**20.2 Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

**20.3 Limitation of Liability.** No party shall be liable for any delay in the fulfillment of or failure to fulfill its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure, as described below. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "**Force Majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its

best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

**20.4 Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

## **21. DISPUTES SUBJECT TO ARBITRATION**

**21.1 Agreement to Arbitrate.** You and we acknowledge that resolving disputes prior to commencing arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and the Business System. Therefore, the parties agree that they will act in good faith to settle any dispute between them prior to arbitration. However, if the parties are unable to settle the dispute or controversy, then except as expressly provided to the contrary in Section 21 of this Agreement, all disputes and controversies between you and we, including allegations of fraud, misrepresentation and violation of any state or federal laws, rules or regulations, arising under, as a result of, or in connection with, or in any way relating to this Agreement or the VICTORY LANE® Center, including your operation thereof, are subject to and will be resolved exclusively by arbitration conducted according to the then-current commercial arbitration rules of the American Arbitration Association.

**21.2 Notice of Dispute.** The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have 30 days after receipt of the written notice to correct, settle or compromise the dispute specified in the written notice. If the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to us, the Franchisee will have 10 days to make full payment (including interest and Administrative Fees as provided for herein) to us.

**21.3 Demand for Arbitration.** If the dispute alleged by either party has not been corrected, settled or compromised within the time period provided for in Section 21.2, then either party may demand arbitration in accordance with the current commercial rules of the American Arbitration Association ("AAA"). Unless agreed otherwise by the parties, the claim or controversy shall be submitted to binding arbitration conducted by one neutral arbitrator selected by the parties, who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. You and we will each fully perform their obligations under this Agreement during the entire arbitration process.

**21.4 Venue and Jurisdiction.** All arbitration hearings will take place exclusively in principal city closest to our principal place of business (currently, Plymouth, Michigan), and will be held no later than 90 days after the Arbitrators have been selected. We and you and your officers, directors and

Owners do hereby agree and submit to personal jurisdiction in the State of Michigan in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Michigan and any claims that venue and jurisdiction are invalid.

**21.5 Powers of Arbitrators.** The authority of the Arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (“**Rules**”) will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrators will be limited to the dispute set forth in the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. Except as provided in Section 21.10, the Arbitrators will not have the right or authority to award punitive damages to either us or you, our or your officers, directors, and Owners, and you and we and their officers, directors, and Owners expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and awards by the Arbitrators will be in writing, will be made within 60 days after the arbitration hearing has been completed, and will be final and binding on you and us. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

**21.6 Disputes Not Subject to Arbitration.** Notwithstanding Section 21.1 or anything to the contrary in this Agreement, the following disputes between you and us will **not** be subject to arbitration: (a) your or your owners’, employees’, officers’, directors’ or agents’ use of the Marks or Copyrights; (b) your obligations upon termination or expiration of this Agreement; and (c) your or your owners’, officers’, directors’, employees’ or agents’ violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

**21.7 No Collateral Estoppel or Class Actions.** All arbitration findings, conclusions, orders and awards made by the Arbitrators will be final and binding on you and we; however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estop either you or we from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees. You and we agree that no person or entity except you and we, and your and our respective officers, directors, owners and/or personal guarantors will have the right to join in, become a party, litigate or participate in any arbitration proceeding arising under this Agreement, and therefore, you and we specifically agree that the AAA and the Arbitrators appointed under the AAA procedural rules will not be authorized to permit class actions or to permit any other person or entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by you or we or your and our respective officers, directors, owners and/or personal guarantors.

**21.8 Confidentiality.** All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between you and us will be secret and confidential in all respects. Except as provided for in Section 21.5 or as may be required by law (including the required disclosure in our Franchise Disclosure Document), You and we will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as

required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either you or we pursuant to this Agreement.

**21.9 Federal Arbitration Act.** Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

**21.10 Waiver of Punitive Damages.** EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF OUR MARKS, COPYRIGHTS OR CONFIDENTIAL INFORMATION OR YOU OR YOUR OWNERS', OFFICERS', DIRECTORS', EMPLOYEES' OR AGENTS' VIOLATION OF THE NON-COMPETITION COVENANTS, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US THAT ARE SUBJECT TO THE LIMITATION OR EXEMPTION OF PUNITIVE DAMAGES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

**21.11 Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS OR COPYRIGHTS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

**21.12 Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY THE LAW OF THE STATE WHERE THE VICTORY LANE® CENTER IS LOCATED, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. REFERENCES TO ANY LAW OR REGULATION ALSO REFER TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPENDING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME. REFERENCES TO A GOVERNMENTAL AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY.

**21.13 Jurisdiction.** FOR ANY ACTION BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITUATED WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY PLYMOUTH, MICHIGAN) AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS;

**PROVIDED THAT WE HAVE THE OPTION TO BRING SUIT AGAINST YOU IN ANY STATE OR FEDERAL COURT WITHIN THE JURISDICTION WHERE YOUR VICTORY LANE CENTER IS OR WAS LOCATED OR WHERE ANY OF YOUR OWNERS LIVES FOR THOSE CLAIMS BROUGHT IN ACCORDANCE WITH SECTION 21.6.**

**21.14 Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

**21.15 Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**21.16 Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorney's fees. Attorney's fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

**21.17 Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

**21.18 Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing contained in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished you. No provision herein expressly identifying any term or breach of this Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material.

**21.19 No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement. The Franchisee acknowledges that other Victory Lane franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

**21.20 Construction.** The headings of the sections are for convenience only. If two or more persons are at any time Franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both.

**21.21 Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties.**” The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets. Where a measure of distance is indicated, the distance is measured as a straight-line shortest measure from such two points.

**21.22 Timing is of the Essence.** It will be a breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding.**” Indications of time of day mean Michigan time.

## 22. NOTICES AND PAYMENTS

All written notices and reports permitted or required under this Agreement or by the Brand Standards Manual will be deemed delivered:

- a) two business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- b) three business days after placement in the United States mail by priority mail, delivery confirmation.

All such notices must be addressed to the parties as follows:

If to Us: **VICTORY LANE QUICK OIL CHANGE, INC.**  
45550 Helm St.  
Plymouth MI 48170  
Attention: Justin Cialella

If to You: Address listed in Exhibit “A”

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two days prior to such date) will be deemed delinquent.

## 23. LEGAL COUNSEL

You acknowledge that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon you. You are encouraged to retain an attorney or advisor prior to

the execution of this Agreement to review the Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the VICTORY LANE® Center, to determine compliance with applicable laws, to advise you on economic risks, liabilities, obligations and rights under this Agreement, and to advise you on tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the franchised business, and other legal and business matters.

*(Signatures on following page)*

Intending to be bound, you and we sign and deliver this Agreement in two counterparts effective on the Effective Date, regardless of the actual date of signature.

“US”:

Sign: \_\_\_\_\_

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

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

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

“YOU”:

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

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

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

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

\_\_\_\_\_  
*[Business Entity Name]*

Sign: \_\_\_\_\_

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

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

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

**EXHIBIT "A"**

**TO FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. **Effective Date.** The Effective Date set forth in the introductory paragraph of the Agreement is: \_\_\_\_\_, 20\_\_.

2. **Notice Address.** Franchisee's address for notices as set forth in Section 22 of the Agreement shall be as follows:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. **Site.** The address of your approved Site (as referenced in Section 2.1) is:

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

4. **Marketing Area.** The Marketing Area for your VICTORY LANE® Center (as referenced in Section 2.1) is as follows:

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

5. **Territory.** The Territory for your VICTORY LANE® Center (as referenced in Section 2.2) is as follows:

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

6. **Standard Franchise/Conversion Franchise.** Franchisee is: (please select only one)

\_\_\_\_\_ Conversion Franchise

\_\_\_\_\_ Standard Franchise

7. **Initial Franchise Fee.** The Initial Franchise Fee is (check one):

\_\_\_\_\_ \$49,500 for a single Franchise;

\_\_\_\_\_ \$39,500 for the first Franchise and you are a Veteran or First Responder;

\_\_\_\_\_ -\$25,000 for your first Conversion Franchise;

\_\_\_\_\_ \$15,000 for your second or subsequent Conversion Franchise;

\_\_\_\_\_ \$\_\_\_\_\_ for a Successor Franchise. The successor franchise fee shall be equal to 25% of the then-current Initial Franchise Fee for the same type of franchise; or

\_\_\_\_\_ Not applicable; this Agreement is being signed under an area development agreement between you and us, and no Initial Franchise Fee is due (you must pay a development fee under the area development agreement).

“US”:

“YOU”:

Sign: \_\_\_\_\_

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

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

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

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

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

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

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

\_\_\_\_\_  
[Business Entity Name]

\_\_\_\_\_  
Sign: \_\_\_\_\_

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

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

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

## EXHIBIT “B”

### TO THE FRANCHISE AGREEMENT

#### OWNERS AGREEMENT

As a condition to the execution by Victory Lane Quick Oil Change, Inc. (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

#### **1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 20\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

#### **2. Non-Disclosure and Protection of Confidential Information.**

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

### **3. Covenant Not to Compete.**

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the Term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

### **4. Continuing Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for, whether now or in the future, by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owners Agreement.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a breach of this Owners Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

**VICTORY LANE QUICK OIL CHANGE, INC.**  
45550 Helm St.  
Plymouth MI 48170  
Attention: Justin Cialella

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any non-compliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, ~~will be~~ considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

\_\_\_\_\_

**(Signature Page Follows)**

**IN WITNESS WHEREOF**, the parties have entered into this Owners Agreement as of the Effective Date of the Franchise Agreement.

**OWNER(S):**

**SPOUSE(S):**

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Owner]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Spouse]  
Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Owner]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Spouse]  
Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Owner]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Name of Spouse]  
Address: [Insert Address of Spouse]

Victory Lane Quick Oil Change, Inc. hereby accepts the agreements of the Owner(s) hereunder.

**VICTORY LANE QUICK OIL CHANGE, INC.**

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

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

**EXHIBIT "C"**  
**TO THE FRANCHISE AGREEMENT**  
**STATEMENT OF OWNERSHIP**

Franchisee: \_\_\_\_\_

**Form of Ownership (Check One)**

\_\_\_\_ **Individual** \_\_\_\_ **Partnership** \_\_\_\_ **Corporation** \_\_\_\_ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

**Identification of Business Manager.** Your Business Manager, if applicable, is \_\_\_\_\_. ~~You may not change the Business Manager without prior written approval.~~

*(Signature Page Follows)*

**“YOU”:**

\_\_\_\_\_

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

Sign: \_\_\_\_\_

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

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

**EXHIBIT D**

**AREA DEVELOPMENT AGREEMENT**



**EXHIBIT D**



**VICTORY LANE QUICK OIL CHANGE, INC.  
AREA DEVELOPMENT AGREEMENT**



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Exhibits:

- A: Data Sheet
- B: Statement of Ownership



VICTORY LANE QUICK OIL CHANGE, INC.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (“Agreement”) is effective as of the date listed in Exhibit “A” (“Effective Date”). The parties to this Agreement are VICTORY LANE QUICK OIL CHANGE, INC., a Michigan corporation, with its principal office located at 45550 Helm St., Plymouth, MI 48170 (referred to in this Agreement as “we,” “us” or “our”) and \_\_\_\_\_ whose principal address is \_\_\_\_\_

(referred to in this Agreement as “you,” “your” or “Developer”). If more than one person or entity is listed as the Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

1. INTRODUCTION.

1.1 VICTORY LANE® Center System. Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of VICTORY LANE® Oil Change Centers (“Victory Lane® Center(s)” or “Center(s)”). VICTORY LANE® Centers use our system, copyrights and marks, sell products, services and accessories we designate or approve (“Products and Services”), in a distinctive and innovative environment. VICTORY LANE® Centers operate under and using distinctive business formats, methods, procedures, designs, layouts, signs, product and service mix, standards, specifications, and system standards, all of which we may improve, further develop or otherwise modify from time to time (“System”).

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of VICTORY LANE® Centers, and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of VICTORY LANE® Centers (collectively, “Marks”).

We also use, promote and license in the operation of VICTORY LANE® Centers certain information capable of being rendered into tangible form that we claim as our Copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (collectively, “Copyrights”).

We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a Center offering the Approved Products and Services and utilizing the Marks, Copyrights and System.

We also grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to develop and operate three to five Centers located within a defined geographic area and in strict accordance with a development schedule (“Area Developers”). You have applied to be an Area Developer.

In addition to this Agreement, we and you have entered into a franchise agreement on the same date (“Initial Franchise Agreement”) for the right to establish and operate a single Center.

All capitalized terms not otherwise defined in this Agreement shall have the same meanings as set forth in the Initial Franchise Agreement and/or Franchise Disclosure Document.

1.2 **Representations.** You represent and warrant to us that:

(a) you have received our Franchise Disclosure Document; **INITIAL** \_\_\_\_\_

(b) you understand that we may modify our current form of franchise agreement from time to time; however, any modifications during the term of this Agreement will not vary the amount of the initial franchise fee or royalty fees to be paid by you; **INITIAL** \_\_\_\_\_

(c) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Centers in order to protect and preserve the goodwill of the Marks; **INITIAL** \_\_\_\_\_

1.3 **Business Organization.** If you are at any time a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation; **INITIAL** \_\_\_\_\_

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement; **INITIAL** \_\_\_\_\_

(c) the Statement of Ownership in Exhibit “B” will completely and accurately describe all of your owners and their interests in you; **INITIAL** \_\_\_\_\_

(d) you and your owners agree to revise the Statement of Ownership as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes of 51% or more may be made without our approval); **INITIAL** \_\_\_\_\_

(e) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements). **INITIAL** \_\_\_\_\_

## 2. **TERM AND SUCCESSION.**

2.1 **Term of Agreement.** This Agreement commences on the Effective Date and expires on the earlier of: (i) the termination date listed in Exhibit “A”; or (ii) the completion of construction of the last Center specified in the Development Schedule in Section 3.3. This Agreement may be terminated by us before it expires in accordance with Section 9. Upon expiration or termination of this Agreement, you will **not** have any further rights to acquire franchises to operate Centers; but you may continue to develop, own and operate all Centers subject to franchise agreements (“**Franchise Agreement(s)**”) with us at the time of such expiration or termination in accordance with their terms.

### 3. **DEVELOPMENT RIGHTS AND OBLIGATIONS.**

3.1 **Development Rights.** If you are in full compliance with all of the provisions of this Agreement and all of the Franchise Agreements, then during the term of this Agreement, we will:

(a) grant to you (and affiliates), in accordance with Section 5 below, franchises for the ownership and operation of Centers to be located within a geographic area identified in Exhibit "A" ("**Development Area**").

(b) not operate (directly or through an affiliate) nor grant a franchise for the operation of any Center to be located within the Development Area, except for those franchises granted to you (and affiliates) pursuant to this Agreement.

3.2 **Rights Retained.** We (and our affiliates) retain the right in our sole discretion to:

(a) establish and grant to other franchisees the right to establish Centers anywhere outside the Development Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Development Area, but not within the Development Area);

(b) operate and grant franchises to others to operate businesses, whether inside or outside the Development Area, specializing in the sale of products or provision of services, other than a Competitive Business or Center, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

(c) operate and grant franchises to others to operate businesses, Centers or other services, whether inside or outside the Development Area, that do not use any of the Marks;

(d) market and sell, inside and outside of the Development Area, through channels of distribution other than VICTORY LANE® Centers (like internet, mail order, direct mail or social media) or through special purpose sites (like at automotive events, conventions, car shows, etc.), goods and services competitive with goods and services offered by VICTORY LANE® Centers, under the Marks or under trade names, service marks or trademarks other than the Marks;

(e) engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your VICTORY LANE® Centers, wherever located; provided that in such situations the newly acquired businesses will not operate under the Marks inside the Development Area; and

(f) engage in any other acts and exercise any rights not expressly and exclusively granted to you under this Agreement.

We do not pay compensation for soliciting or accepting orders, or otherwise exercising our rights inside the Development Area. You agree that you may face competition from us, from other franchisees and from other channels of distribution or competitive brands that we control within the Development Area.

3.3 **Development Obligations.** During the term of this Agreement, you will at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of VICTORY LANE® Centers within the Development Area. Without limiting the foregoing obligation, you agree to:

(a) obtain locations and premises for Centers (“**Sites**”) approved by us in accordance with the terms of the Franchise Agreements you enter into with us under this Agreement; and

(b) commence construction of and develop the minimum number of VICTORY LANE® Centers within the time periods mandated by the schedule in Exhibit “A” (“**Development Schedule**”).

3.4 **Effect of Failure.** Strict compliance with the Development Schedule is the essence of this Agreement. If you do not timely meet your development obligations as of the end of any time period shown on the Development Schedule, you will be in default of your obligations under this Agreement. Upon your first failure to adhere to the Development Schedule, you will lose the territorial rights granted for the Development Area. Any second or additional failures to adhere to the Development Schedule will constitute an event of default under this Agreement, and we may then, in our sole discretion, elect to:

(a) terminate this Agreement;

(b) reduce the size of the Development Area;

(c) permit you to extend the Development Schedule; or

(d) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

In addition to all other rights under this Agreement, if we have delivered to you (or an affiliate) a notice of termination of any Franchise Agreement in accordance with its terms and conditions or you (or your affiliates) have terminated any Franchise Agreement without cause, as defined in such agreement or if you transfer any Franchise Agreement, you agree that your Development Area under this Agreement shall automatically be reduced by the Territory set forth in such Franchise Agreement.

#### 4. **DEVELOPMENT FEE.**

4.1 **Amount and Consideration.** When you sign this Agreement, you agree to pay us a development fee (“**Development Fee**”) in the amount indicated in Exhibit “A”. The Development Fee is equal to the sum of the Franchise Fee of \$49,500 for the first VICTORY LANE® Center, plus \$40,000 for the second VICTORY LANE® Center, \$35,000 for the third VICTORY LANE® Center, and \$30,000 for the fourth each subsequent Center to be developed under the Agreement. To open additional Centers under this Agreement, you will be required to sign the then-current form of Franchise Agreement, but you will not be required to pay a Franchise Fee (all other fees including opening package fees will apply). The Development Fee shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether you open any of the VICTORY LANE® Centers you are obligated to open in the Development Area.

5. **FRANCHISES.** Subject to the provisions of this Agreement, we will grant franchises to you for the operation of VICTORY LANE® Centers to be located within the Development Area on the following conditions:

5.1 **Franchise Agreement.** The Initial Franchise Agreement shall be executed and delivered concurrently with the execution and delivery of this Agreement. All subsequent VICTORY LANE® Centers developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement and ancillary documents then being used by us for a VICTORY LANE® Center. You acknowledge that the then-current form of Franchise Agreement may differ from the Franchise

Agreement for your first VICTORY LANE Center®, except that each shall have the same royalty rate as the first Franchise Agreement. You shall not sign a lease for, commence construction on, or open any VICTORY LANE® Center until, among other things, the individual Franchise Agreement for that VICTORY LANE® Center has been signed by both you and us. For VICTORY LANE® Centers other than the first VICTORY LANE® Center under this Agreement, you must sign the Franchise Agreement prior to our acceptance of the Site of the VICTORY LANE® Center. You may not exercise any development rights under this Agreement while you are in default of any other agreement with us, including any franchise agreement.

## 6. MANAGEMENT OF BUSINESS.

6.1 **Management.** You (or, if you are a Business Entity a person having management rights and powers (e.g., officers, managers, partners, etc.) (“**Business Manager(s)**”)) agree to:

- (a) exert full-time efforts to the fulfillment of your obligations;
- (b) supervise the development and operation of Centers franchised pursuant to this Agreement; and
- (c) attend such training programs, meetings and conventions which we may offer during the term of this Agreement.

6.2 **Expenses.** You agree to bear all expenses incurred by you or your Manager(s) in attending such meetings, programs or conventions.

6.3 **Management Personnel.** You agree to hire and maintain the number and level of management and other skilled personnel required to adequately manage, supervise and provide personal services at all Centers operated by you in accordance with the guidelines we establish from time to time. You agree to promptly notify us of the identities of your key personnel, and any changes in such personnel. You are responsible for insuring that such personnel are properly trained and licensed to perform their duties.

6.4 **Joint and Several.** If two or more persons are at any time the Developer under this Agreement, their obligations to us are joint and several and the term “you” refers to all of them.

## 7. EXCLUSIVE RELATIONSHIP.

7.1 **Competitive Restrictions.** You agree that we would be unable to protect confidential information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Centers if owners of franchised Centers were permitted to hold interests in any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any store or facility that features oil or other automotive fluid changes, car wash and/or car cleaning or any other products or services, or any similar products or services to those then offered by a VICTORY LANE® Center (other than a VICTORY LANE® Center operated under a Franchise Agreement with us). You also acknowledge that we have entered into this Agreement with you in part in consideration of and in reliance on your agreement to deal exclusively with us. Therefore, you agree as follows:

- (a) **Non-Competition:** During the term of this Agreement neither you nor any of your owners if you are a Business Entity (“**Restricted Person**”) will:

(i) engage in a Competitive Business or perform services for a Competitive Business, directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with us or our affiliates;

(ii) have any direct or indirect interest, as a disclosed or beneficial owner, in a Competitive Business, except under a franchise agreement with us or our affiliates;

(iii) have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is granted or is granting franchises or licenses to others to operate any Competitive Business, except Centers under franchise agreements with us or our affiliates; or

(iv) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, referral sources, trade or patronage of ours, our affiliates or our franchisees as such may exist throughout the term of this Agreement.

(b) **Public Companies:** Notwithstanding the foregoing, any aggregate ownership of 5% or less of the issued and outstanding shares of any class of stock of a publicly traded company is not prohibited by the provisions of this Section.

As used in this Agreement, “**Competitive Business**” means any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features oil or other automotive fluid changes or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by VICTORY LANE® Centers (other than a VICTORY LANE® Center under a franchise agreement with us). A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller or the like for any business franchising or licensing Competitive Businesses other than us.

## 8. **MARKS.**

8.1 **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and the Franchise Agreements. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that neither this Agreement nor the Franchise Agreements confer any goodwill or other interests in the Marks upon you (other than the right to operate the Centers in compliance with the Franchise Agreements). All provisions of this Agreement and the Franchise Agreements applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 **Limitations on Your Use of Marks.** You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

9. **TERMINATION.**

We may terminate this Agreement, effective on delivery of notice of termination to you, if:

(a) you fail to meet your development obligations on two or more occasions in accordance with the Development Schedule (unless we exercise other remedies under Section 3.4);

(b) you (or, if you are a Business Entity, your Business Manager or any owner) make an unauthorized assignment or transfer of this Agreement, an ownership interest in you or any interest in any affiliate's Center or Franchise Agreement granted pursuant to this Agreement;

(c) you (or, if you are a Business Entity, your Business Manager or any owner) have made any misrepresentation or omission in your application for the development rights conferred by this Agreement or are or have been convicted of, or plead, or have pleaded no contest, or guilty, to a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other Center

(d) you fail to promptly pay us or our affiliates, within ten days of the date when due, any amount or other obligation then owed to us or our affiliates;

(e) you fail to perform or observe any provision of any lease or sublease for any Site, any financing document for any Site or any lease or financing document for any of the approved Operating Assets or Center Materials (as defined in the Franchise Agreement) and do not correct such failure within the applicable cure period;

(f) you fail to open your first Center within five months following the effective date of this Agreement;

(g) you do not enter into a franchise agreement within 30 days after you have obtained lawful possession of, a lease for, or a contract to purchase, a Site;

(h) you, or one of your principal owners, makes an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your business, or a principal owner's business, is attached, seized, subjected to a writ of distress, warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, or a principal owner, or the business of any of them is not vacated within 30 days following the entry of such order;

(i) you, or any of your principal owners, engage in any dishonest or unethical conduct which may adversely affect the reputation of Centers or the goodwill associated with the Marks;

(j) you fail to comply with any other provision of this Agreement and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;

(k) you fail on two or more separate occasions within any 12 consecutive month period or on three occasions during the term of this Agreement to comply with this Agreement or any Franchise Agreement, after we have notified you of the failure (pursuant to subsection (f)

above or under such Franchise Agreement) whether or not such failures to comply are corrected after notice of the failure is delivered to you; or

(l) we have delivered to you (or an affiliate) a notice of termination of any Franchise Agreement in accordance with its terms and conditions or you (or your affiliates) have terminated any Franchise Agreement without cause, as defined in such agreement.

## 10. **EFFECT OF TERMINATION AND EXPIRATION.**

10.1 **Continuing Obligations.** All of the obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire.

10.2 **Post-Term Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason, you and your owners agree that, for a period of two years commencing on the effective date of termination or expiration, no Restricted Person will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) at any Site or within the area we designate as the marketing area for any Site (“**Marketing Area**”);
- (b) within 25 miles of any Site or its Marketing Area; or
- (c) within 25 miles of any other VICTORY LANE® Center in operation or under construction on the later of the effective date of the termination or expiration.

If any Restricted Person refuses voluntarily to comply with the foregoing obligations, the two-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. Each Restricted Person expressly acknowledges that he possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You recognize that the scope of this restrictive covenant with respect to your Sites and Marketing Areas, as well as other existing or subsequently developed Sites or Marketing Areas is reasonable and necessary to protect our good will, our ability to market and sell franchises and our ability to help protect other franchisees’ investment in the franchise. You acknowledge and agree that the time and geographic restrictions contained in this Section are reasonable and necessary to protect our and other franchisees’ interests and investments and do not and will not unduly burden you or deprive you of your ability to earn a living.

10.3 **Grant of Franchises.** Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate and you agree to immediately and permanently cease your development activities. We will then have no further obligation to grant you additional franchises for Centers and will be free to operate, or grant other persons franchises to open and operate Centers within the Development Area.

## 11. TRANSFERS.

11.1 **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any assignee or other legal successor to our interest, as long as such assignee or successor agrees to be bound by, and assumes all of our continuing obligations under it.

11.2 **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, your owners) and that we have granted this Agreement in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you (or, if you are a Business Entity, your owners). Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be transferred by you or your owners without our prior written approval. Any such transfer without our prior written approval constitutes a breach of this Agreement and will convey no rights to, or interests in, this Agreement. As used in this Agreement, the term “**transfer**” includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) any of the Franchise Agreements.

11.3 **Transfer to a Business Entity.** Notwithstanding Section 11.2, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your Center so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. Furthermore, you may not transfer any ownership interests of 51% or more to anyone who does not meet our approval. All owners of 51% or more of every Center and of any Business Entity must meet our approval. The organizational or governing documents of the business organization must recite that the issuance and transfer of any ownership interests of 51% or more in the business organization are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the business organization must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of 51% or more of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

11.4 **Franchise Transfers.** A transfer of any Center developed pursuant to this Agreement may be made only in connection with the transfer of the Franchise Agreement for such Center, and a transfer of the Franchise Agreement for any such Center may be made only in connection with the transfer of all interests of yours in such Center (or the affiliate that owns such Center).

### 11.5 **Franchise Transfers; Conditions for Approval of Transfer.**

(a) **Application:** If you (or, if you are a Business Entity, your owners) are in full compliance with this Agreement and all of the Franchise Agreements, we will not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section and the applicable Franchise Agreement. The proposed transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for developers of Centers.

(b) **Development Rights:** If the transfer is of the development rights granted under this Agreement or a controlling interest in the Developer, or is one of a series of transfers which in the aggregate constitute the transfer of the development rights granted under this Agreement or

a controlling interest in the Developer, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(i) the transferee must have sufficient business experience, aptitude and financial resources to operate your business and develop the Development Area, and must either already own a Center or is acquiring one or more of them in association with the transfer;

(ii) you must transfer all of the Centers you have developed under the Development Agreement;

(iii) you agree to pay us and our affiliates all amounts owed to us or our affiliates which are then due and unpaid and submit all required reports and statements which have not yet been submitted, under this Agreement, any Franchise Agreement or any other agreement between you (or an affiliate) and us (or our affiliates);

(iv) the transferee and/or its personnel must agree to complete our initial training program to our satisfaction;

(v) the transferee must agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term;

(vi) you (and your owners) must execute a general release, in form satisfactory to us, of any and all claims against us, our affiliates and our officers, directors, employees and agents;

(vii) we must approve the material terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the future development of the Development Area and the operation of Centers in it;

(viii) if the transferee finances any part of the sale price of the transferred interest, you (and your owners) must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you (or your owners) must be subordinate to transferee's obligations to us and our affiliates to comply with this Agreement or Franchise Agreements executed by the transferee;

(ix) all Restricted Persons must sign and deliver to us an agreement in which they will comply with the competitive restrictions contained in Section 10.2 of this Agreement for two years commencing on the effective date of the transfer; and

(x) you must pay us a transfer fee equal to \$5,000.

In connection with any transfer permitted under this Section, you agree to provide us with all documents to be signed by you and the proposed assignee or transferee at least 30 business days prior to signing.

11.6 **Death or Permanent Disability.** Upon your death or permanent disability or that of one of your owners, the executor, administrator, conservator or other personal representative of such person must transfer his interest within a reasonable time, not to exceed six months from the date of death or permanent disability, to a third party approved by us. Such transfer, including, without limitation,

transfer by devise or inheritance, is subject to all the conditions for transfers contained in Section 11.5. and, unless transferred by gift, devise or inheritance. Failure to dispose of such interest within that time period constitutes a breach of this Agreement. Our consent to a transfer of any interest subject to the restrictions of this Section does not constitute a waiver of any claims we may have against the assignor; nor will it be deemed a waiver of our right to demand the assignee's exact compliance with any of the terms or conditions of this Agreement or any Franchise Agreements.

11.7 **Public Offerings of Securities.** Notwithstanding any other provisions of this Agreement, you agree not to, without our prior written consent, sell or offer to sell any of your securities if such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, and the rules and regulations pursuant thereto, or the securities laws of any other state or territory of the United States franchising or of any other jurisdiction.

## 12. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

12.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between the parties. We and you are independent contractors. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings as the owner of development rights granted under an area development agreement with us in the ways we specify for doing so. If you do not, we may place such notices to accomplish the foregoing and you must reimburse us for doing so. You agree to place notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time.

12.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for any of your indebtedness or obligations. You agree to not use the Marks in any way not expressly authorized by this Agreement or the Franchise Agreements. Except as expressly authorized in writing, neither you nor we will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your business authorized by or conducted pursuant to this Agreement.

12.3 **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your assets or upon us, arising in connection with the business conducted by you pursuant to this Agreement or any Franchise Agreement. Payment of all such taxes is solely your responsibility.

12.4 **Indemnification.** You agree to indemnify, defend and hold us and our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (“**Indemnified Parties**”) harmless from and against and to reimburse them for all claims, obligations and damages described in this Section, any and all taxes described in subsection 12.3 of this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of your business (even if our negligence is alleged, but not proven), your breach of this Agreement or your use of the Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, “**claims**” means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Indemnified Parties have the right to defend any such claim against them in

such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

### 13. **ENFORCEMENT.**

13.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

13.2 **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

13.3 **Limitation of Liability.** No party shall be liable for any delay in the fulfillment of or failure to fulfill its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure, as described below. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "**Force Majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a

party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

13.4 **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

13.5 **Dispute Resolution.** We and you agree that any dispute between the parties arising out of the terms of this Agreement shall be governed in accordance with the terms and conditions set forth in the Initial Franchise Agreement, including those provisions requiring arbitration (subject to limited exceptions for certain claims under the Initial Franchise Agreement), which terms and conditions are by this reference incorporated herein. We and you each agree that their respective obligations to comply with the dispute resolution terms set forth in the Initial Franchise Agreement shall survive any termination, expiration or renewal of the Initial Franchise Agreement and shall survive any termination or expiration of this Agreement.

13.6 **Waiver of Punitive Damages.** EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 12.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

13.7 **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

13.8 **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. 1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY THE LAWS OF THE STATE WHERE THE FIRST VICTORY LANE® CENTER DEVELOPED UNDER THIS AGREEMENT IS LOCATED, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE OWNER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY

THE FEDERAL ARBITRATION ACT. REFERENCES TO ANY LAW OR REGULATION ALSO REFERS TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPLEMENTING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME. REFERENCES TO A GOVERNMENTAL AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY.

13.9 **Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF THE FEDERAL OR STATE COURT WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY PLYMOUTH, MICHIGAN) AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

13.10 **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

13.11 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

13.12 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorney's fees. Attorney's fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

13.13 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

13.14 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachments are part of this Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement.

This Section is intended to define the nature and extent of the parties' mutual contractual intent, and serves to show that there is no intention to enter into contract relations other than the terms contained in this Agreement. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

13.15 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

13.16 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both. Where distance is indicated, it is straight-line shortest distance between such two points.

13.17 **Certain Definitions.** The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "franchisee, franchise owner, you and your" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "person" includes individuals and Business Entities. The term "section" refers to a section or subsection of this Agreement. The word "control" means the power to direct or cause the direction of management and policies. The word "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

13.18 **Timing is of the Essence.** It will be a breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to," "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Plymouth, Michigan time or the time zone in which our corporate headquarters are then located.

#### 14. **NOTICES AND PAYMENTS.**

All written notices and reports permitted or required under this Agreement or by the Brand Standards Manual will be deemed delivered:

- (a) two business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (b) three business days after placement in the United States mail by priority mail, delivery confirmation.

We may direct notices to your affiliates to you. All such notices must be addressed to the parties as follows:

If to Us: VICTORY LANE QUICK OIL CHANGE, INC.  
45550 Helm St.  
Plymouth, MI 48170  
Attention: Justin Cialella

If to You: Notice Address set forth in “Exhibit A”

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two days prior to such date), or in which the receipt from the commercial courier service is not dated prior to two days prior to such date will be deemed delinquent.

*(Signature Page Follows)*

The parties to this Agreement now sign and deliver this Agreement in two counterparts effective as of the Effective Date, regardless of the actual date of signature.

**VICTORY LANE QUICK OIL CHANGE, INC.**

**DEVELOPER**

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**INDIVIDUALS:**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

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

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

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

**CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY**

\_\_\_\_\_  
[Name]

Sign: \_\_\_\_\_

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

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

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



**EXHIBIT "A"**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**DATA SHEET**

1. **Effective Date.** The Effective Date set forth in the introductory paragraph of the Agreement is: \_\_\_\_\_, 20\_\_.

2. **Notice Address.** Developer’s address for notices as set forth in Section 14 of the Agreement shall be as follows:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. **Number of Centers.** The total number of VICTORY LANE® Centers to be developed under this Agreement (including the Initial Franchise Agreement): \_\_\_\_\_.

4. **Development Fee. (check one):**

<b>Check One:</b>	<b># of Centers</b>	<b>Development Fee*</b>
<input type="checkbox"/>	3	\$124,500
<input type="checkbox"/>	4	\$154,500
<input type="checkbox"/>	5	\$184,500

**\*Includes the Franchise Fee for the first VICTORY LANE® Center**

5. **Development Area.** Your Development Area is the geographic area described below:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Check if map is attached.

6. **Development Schedule.** Your Development Schedule is:

<b><u>Unit Nos.</u></b>	<b><u>Construction Commencement Date</u></b>	<b><u>Estimated Opening Date</u></b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

If a VICTORY LANE® Center is permanently closed after having been opened, you agree to develop and open a substitute VICTORY LANE® Center within one year from the date of its permanent closing separate and apart from the Development Schedule.

6. **Termination Date.** The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or \_\_\_\_\_, 20\_\_.

*(Signature Page Follows)*

**VICTORY LANE QUICK OIL CHANGE, INC.**

**DEVELOPER**

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**INDIVIDUALS:**

\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Print Name]  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Print Name]  
Date: \_\_\_\_\_

**CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY**

\_\_\_\_\_  
[Name]  
Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT "B"**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**STATEMENT OF OWNERSHIP**

**Developer:** \_\_\_\_\_

**Form of Ownership (Check One)**

\_\_\_\_ **Individual** \_\_\_\_ **Partnership** \_\_\_\_ **Corporation** \_\_\_\_ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

**Identification of Operating Principal.** Your Business Manager is \_\_\_\_\_ . ~~You may not change the Business Manager without prior written approval.~~

*(Signature Page Follows)*

**DEVELOPER:**

\_\_\_\_\_

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

Sign: \_\_\_\_\_

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

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

**EXHIBIT E**

**LIST OF CURRENT AND FORMER FRANCHISEES/AREA DEVELOPERS**



**Current Franchisees and Area Developers as of December 31, 2023:2024:**

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone
Saraiva	Fred		1731 McColluch Blvd	Lake Havasu	AZ	86406	(928) 238-1777
Williams	Jeffrey	Quick 8 Automotive	6080 Hwy 42	Rex	GA	30273	(917) 355-7139
Schreiber	Brian	Quick 8 Automotive	210 Bridle Ct.	Dry Ridge	KY	41035	(859) 866-9046
Payne	Dan	Premier 1 Automotive	41775 Michigan Ave.	Canton	MI	48188	(734) 397-0711
Elkin and Poplavsky	Vasily Eugene	Triton Development	37751 West 12 Mile	Farmington Hills	MI	48336	(248) 848-9423
Haas	Sean	Ozkar 1	16500 Silver Parkway	Fenton	MI	48430	(810) 750-4981
Payne	Dan	Premier 1 Automotive	12560 Woodward	Highland Park	MI	48203	(313) 867-7299
Payne	Dan	Premier 1 Automotive	3066 Washtenaw Rd.	Ypsilanti	MI	48197	(734) 434-7722
Charara	Joe	Charara Investments	2216 East Ellsworth Road	Ypsilanti	MI	48197	(734) 572-0590
Fritts	Doyle		29610 Gateway Ave.	Chicago City	MN	55013	(651) 257-2111
Fritts	Doyle		38844 14 <sup>th</sup> Ave	North Branch	MN	55056	(651) 277-1000
SchmidtSmith	Eric		8631 Goldenglow Way NE	Leland	NC	28451	(810) 397-3449
Schmidt	Tom		2517 Huntsman Trail	Zebulon	NC	27597	(919) 269-0734
Price	Tim		2425 Valley Ave	Winchester	VA	22601	(540) 858-1469

**Franchisees and Area Developers with Unopened Outlets as of December 31, 2023:2024:**

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone or Email
Duncan <sup>(1)</sup>	Christy		131 Compton Ct	Fruita	CO	81521	cduncan@victorylane.net
Doles <sup>(2)</sup>	Dwayne		710 Watch Harbor Ln	Woodstock	GA	30189	(770-) 715-0710
Cross	Robert		157 Park St.	Orono	ME	04473	(207) 735-5676
Shingler	James		28584 Thames Ct.	Chesterfield	MI	48047	(586) 531-9634
Mack <sup>(3)</sup>	Brian		602 N Spence Ave	Goldsboro	NC	27534	(919) 633-3591
Khan <sup>(2)</sup>	Ali		3112 Briar Stream Run	Raleigh	NC	27612	(919) 389-1688
Oberhofer <sup>(1)</sup>	James		1161 W Parker Rd.	Plano	TX	75023	(972) 943-7766
Young	Ronald		149 Broomweed Circle	Spring Branch	TX	78070	ryoung@victorylane.net

\*Area Developer

<sup>(1)</sup>These franchisees each signed an Area Development Agreement for three locations.



(2) These franchisees have not communicated with us within 10 weeks of the Issuance Date and are also on the List of Former Franchisees.

(3) This franchisee will operate a location in Ohio.

**Former Franchisees:**

The name and last known address of every franchisee who had a Victory Lane Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2023~~2024~~ to December 31, 2023~~2024~~, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone or Email
<u>Orlando Williams</u>	<u>Shane Jeffrey</u>	<u>Oil Change Partners AZ Apple of My Eye</u>	<u>3005 N 71<sup>st</sup> St 6080 Hwy 42</u>	<u>Scottsdale Rex</u>	<u>AZ GA</u>	<u>4525130273</u>	<u>(602) 818-0858 (917) 355-7139</u>
<u>Truett Doles<sup>(1)</sup></u>	<u>Lance Dwayne</u>		<u>PO Box 4622710 Watch Harbor Ln</u>	<u>Palatine Woodstock</u>	<u>TX GA</u>	<u>7580230189</u>	<u>903-367-0963 (770) 715-0710</u>
<u>Slavik Schreiber</u>	<u>John Brian</u>	<u>TNJ Holdings Quick 8 Automotive</u>	<u>1235 E. Commerce 210 Bridle Ct.</u>	<u>Milford Dry Ridge</u>	<u>MI KY</u>	<u>4838141035</u>	<u>(248) 684-7978 (859) 866-9046</u>
<u>Haeh Khan<sup>(1)</sup></u>	<u>Michael Ali</u>	<u>Slick's Quick Oil Change</u>	<u>32 Platt Rd 3112 Briar Stream Run</u>	<u>Milan Raleigh</u>	<u>MN NC</u>	<u>4816027612</u>	<u>(734) 508-6660 (919) 389-1688</u>

(1) These franchisees have not communicated with us within 10 weeks of the Issuance Date.



**EXHIBIT F**

**STATE ADDENDA**  
**AND AGREEMENT RIDERS**



## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR VICTORY LANE QUICK OIL CHANGE, INC.

The following modifications are made to the Victory Lane Quick Oil Change, Inc. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means the state where the Franchisee’s VICTORY LANE® Center Business is located. When the term “**Supplemental Agreements**” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

#### **CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD 14 days prior to execution of the agreement.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement and Area Development Agreement contain provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Michigan. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement require the application of the laws of the State the Franchisee’s VICTORY LANE® Center Business is located. This provision may not be enforceable under California law.



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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Area Development Agreement contain a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Area Development Agreement may not be enforceable.

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

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### Fee Deferral

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

## HAWAII

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit J of the FDD on the page entitled "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:

None



3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

## **ILLINOIS**

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

Illinois law governs the Franchise Agreement, Franchise Disclosure Document, and Area Development Agreement.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under

any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchise Fee Deferral

The Illinois Attorney General’s Office has imposed the deferral requirement because of our financial condition. Item 5 and Item 7 of the FDD, Section 6 of the Franchise Agreement, and Section 4 of the Area Development Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee, shall be deferred until after all of Franchisor’s initial obligations are complete and the Franchise is open for business. The Development Fee will be deferred until the first franchise is open and operational.

Franchisee:

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

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

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

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

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Marketing Area.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Michigan. This language has been included in this Franchise Disclosure Document as a condition to registration. The



Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise the state where the Franchisee’s VICTORY LANE® Center Business is located law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or the state where the Franchisee’s VICTORY LANE® Center Business is located law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any



person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Victory Lane Quick Oil Change, Inc., 45550 Helm St., Plymouth, MI 48170, or send a fax to Victory Lane Quick Oil Change, Inc. at 734-667-4401 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

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

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

**MARYLAND**

**AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS**

Item 17 of the FDD, the Franchise Agreement and the Area Development Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."



Representations in the Franchise Agreement and Area Development Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

The Franchise Agreement is amended to remove Section 1.2(b).

The Franchise Agreement is amended to removed the following sentence in Section 23: “You are encouraged to retain an attorney or advisor prior to the execution of this Agreement to review the Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the VICTORY LANE® Center, to determine compliance with applicable laws, to advise you on economic risks, liabilities, obligations and rights under this Agreement, and to advise you on tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the franchised business, and other legal and business matters.”

The Area Development Agreement is amended to remove the Section 1.2(a)-(c).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### Fee Deferral

Item 5 and Item 7 of the FDD, the Franchise Agreement and Area Development Agreement are amended to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**MICHIGAN**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.



(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise 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 Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.



9. The franchisee cannot consent to the franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.
10. Item 6 of the FDD and Section 6.13 of the Franchise Agreement are hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### Fee Deferral

Items 5 and 7 of the FDD, Section 6 of the Franchise Agreement and Section 4 of the Area Development Agreement are amended to state: Payment of the Initial Franchise Fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Development Fee will be deferred until the first franchise is open and operational.

#### NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer:**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law



requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Sections 10 and 17 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_

Date \_\_\_\_\_

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Victory Lane Quick Oil Change, Inc., 45550 Helm St., Plymouth, MI 48170, or send a fax to Victory Lane Quick Oil Change, Inc. at 734-667-4401 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

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

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

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

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

**RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not



limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **SOUTH DAKOTA**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Victory Lane Quick Oil Change, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

The following Risk Factor is added to the “Special Risks To Consider About *This Franchise*” page:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$235,000 and \$694,500. This amount exceeds the franchisor's stockholder's equity as of December 31, 2023/2024 which is -\$804,484/397,329.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## Fee Deferral

Item 5 and Item 7 of the FDD and the Franchise Agreement are amended to state: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The Area Development Agreement is amended to state: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

## WASHINGTON

### WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~Chapter~~chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement in or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions which may that supersede the franchise agreement in or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the areas Franchise Disclosure Document, are subject to state law.

~~Site of termination~~**Arbitration, Mediation, and renewal of your franchise.**

- ~~2.~~**3./or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights ~~executed by a~~ in the franchise agreement or related agreements purporting to bind the franchisee may not include rights to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or order orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).



5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
- 3-10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable., in accordance with RCW 19.100.220(2).~~

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
- 4-14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a ~~non-~~ noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement,

when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a ~~non-competition~~noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any ~~provisions~~provision contained in the franchise agreement or elsewhere that ~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**5-16. Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. -This provision supersedes any other term of any document executed in connection with the franchise.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.



No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*(Signatures on following page)*



**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                          |            |                          |              |                          |              |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan     | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii     | <input type="checkbox"/> | Minnesota    | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois   | <input type="checkbox"/> | New York     | <input type="checkbox"/> | Virginia     |
| <input type="checkbox"/> | Iowa       | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington   |
| <input type="checkbox"/> | Indiana    | <input type="checkbox"/> | Ohio         | <input type="checkbox"/> | Wisconsin    |
| <input type="checkbox"/> | Maryland   |                          |              |                          |              |

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

**FRANCHISOR:**

VICTORY LANE QUICK OIL CHANGE, INC.

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

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

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

Rev.071823



**EXHIBIT G**

**BRAND STANDARDS MANUALS**  
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**BRAND PROFILE MANUAL**

Section	Number of Pages
Intro (1-3)	3
Contact Information	1
Real Estate Support Items	1
Deal Point Economics	1
Test Fit Criteria	1
Preferred Landlord Delivery	1
RPM Connect	1
Construction Phases	1
Project Timelines	2
Frequently Asked Questions	1
Responsibility Matrix	1
Sample Budget Sheets	2
Sample Bid Comparisons	2
Sample Layouts	2
Signage	3
Finishes and Materials	6
Interior Fixtures and Accessories	4
Garage Equipment	8
Building Systems	2
Total Number of Pages	47

**OPERATIONS MANUAL**

Section	Number of Pages
Intro (1-6)	7
The Victory Lane Oil Change (7-23)	17
Ancillary Services (24-51)	28
Customer Service (53-62)	10
Operations (63-71)	9
Claims (72-79)	8
Compliance (80-83)	4
Human Capital (84-98)	15
Inventory (99-103)	5
Inspection sheets and checklists (104-110)	7
Total Number of Pages	110





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- Construction Phases.....9
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The Construction Manual is updated regularly. Be sure to check the date to ensure you always have the most current version.



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## **EXHIBIT H**

### **CONTRACTS FOR USE WITH THE VICTORY LANE FRANCHISE**

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the VICTORY LANE® Center. The following are the forms of contracts that Victory Lane Quick Oil Change, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



EXHIBIT H-1

**VICTORY LANE FRANCHISE**  
**SAMPLE GENERAL RELEASE AGREEMENT**  
**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Victory Lane Quick Oil Change, Inc., a Michigan Corporation (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Victory Lane business;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim. Releasor represents and warrants to the Released Parties, and agrees,

that it may later learn of new or different facts, but that still, it is Releasor's intention to fully, finally, and forever release all of the claims that are released above. This includes the Releasor's waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor").

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State where the Victory Lane business is located, subject to applicable state law.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

*(Signatures on following page)*

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

By Sign: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 092122060524

**EXHIBIT H-2**

**VICTORY LANE FRANCHISE**

**SAMPLE SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Victory Lane Quick Oil Change, Inc., a Michigan Corporation, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Marketing Area (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Marketing Area (including, but not limited to, the services we authorize), but excludes a VICTORY LANE® Center operating under a franchise agreement with us).

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Victory Lane business or the solicitation or offer of a Victory Lane franchise, whether now in existence or created in the future.

“*Franchisee*” means the Victory Lane franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Victory Lane business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Brand Standards Manuals.

“*Brand Standards Manuals*” means our confidential brand profile manual and operations manual for the operation of a Victory Lane business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Victory Lane business, including “VICTORY LANE,” and any other trademarks, service marks, or trade names that we designate for use by a Victory Lane business. The term “Marks” also includes any distinctive trade dress used to identify a Victory Lane business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of 5% or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the 2-year period after you cease to be a manager or officer of Franchisee’s Victory Lane business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the 1-year period after you cease to be a manager or officer of Franchisee’s Victory Lane business.

“*Restricted Territory*” means the geographic area within: (a) at the Site; (b) within the Marketing Area; (c) within 25 miles of the Site or Franchisee Territory; (d) within 25 miles of any VICTORY LANE® Center that is then under construction or in operation. as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 12.5 miles-mile radius from Franchisee’s Victory Lane business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Victory Lane business, including Know-how, proprietary programs and products, Brand Standards Manuals, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Victory Lane business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Victory Lane business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Victory Lane business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited

Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Victory Lane franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the Victory Lane business is located, subject to applicable state law, and the courts in the State of Michigan shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

*(Signature on following page)*

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Rev. 120619

**EXHIBIT H-3**

**VICTORY LANE FRANCHISE**

**SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Victory Lane Quick Oil Change, Inc., a Michigan Corporation, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Victory Lane Business*” means a business that Businesses which offer oil change, vehicle maintenance, and related products and services we may designate or approve and other related products and services using our Intellectual Property.

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Victory Lane franchisees to use, sell, or display in connection with the marketing and/or operation of a Victory Lane Business, whether now in existence or created in the future.

“*Franchisee*” means the Victory Lane franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Brand Standards Manuals, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Victory Lane Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Brand Standards Manuals.

“*Brand Standards Manuals*” means our confidential brand standards manuals for the operation of a Victory Lane Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Victory Lane Business, including “VICTORY LANE” and any other trademarks, service marks, or trade names that we designate for use by a Victory Lane Business. The term “Marks” also includes any distinctive trade dress used to identify a Victory Lane Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a Victory Lane Business, including Know-how, proprietary programs and products, Brand Standards Manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree:  
(i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the

Victory Lane Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Victory Lane Quick Oil Change, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Victory Lane franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

#### **7. Miscellaneous.**

a. Although this Agreement is entered into in favor of Victory Lane Quick Oil Change, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of the state where the Victory Lane business is located, subject to applicable state law, and the courts in the State of Michigan shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 032916

**EXHIBIT H-4**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

**Authorization:**

Franchisee hereby authorizes Victory Lane Quick Oil Change, Inc. (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
  
Federal Tax ID Number: \_\_\_\_\_

Rev. 032916

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

**EXHIBIT H-5**

**VICTORY LANE FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Victory Lane Quick Oil Change, Inc. (“**Franchisor**”), a Michigan Corporation, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, (a/an Formation State) (corporation/limited liability company) (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Victory Lane franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination,

expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Victory Lane franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the Victory Lane business is located, subject to applicable state law.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

VICTORY LANE QUICK OIL CHANGE, INC.

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

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

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

**FORMER FRANCHISEE:**

\_\_\_\_\_

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

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

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

**NEW FRANCHISEE:**

\_\_\_\_\_

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

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

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

Rev. 031821

**EXHIBIT H-6**

**VICTORY LANE FRANCHISE**

**SAMPLE LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and \_\_\_\_\_ (“**Franchisor**”), collectively referred to herein as the “**Parties.**”

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Term. Notwithstanding anything in the Lease to the contrary, the initial terms of the lease, or the initial term combined with any renewal terms (for which rent must be specified in the lease) must be for at least 15 years.

3. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

4. Right to Enter. Notwithstanding anything in the Lease to the contrary, the Parties agree that Franchisor or its designated agents shall have the right at any time during regular business hours, and without prior notice to Landlord or Tenant, to enter the Premises and make modifications required in order to comply with Franchisor’s then-current standards and specifications.

5. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to ~~an assignee of the Tenant or the Franchised Business~~ (“a Franchise Assignee”) (defined below) at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, ~~Franchisor or a Franchise Assignee that Franchisor designates,~~ will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably

acceptable to Landlord, provided such Franchise Assignee cures ~~a default~~ any then-existing material defaults of the Lease no later than ten days following the end of Tenant's cure period. No assignment shall be effective until: (i) ~~at the~~ Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the ~~Franchisee~~ Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

6. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten-day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by a reputable overnight delivery service to the following address:

Victory Lane Quick Oil Change, Inc.  
45550 Helm St.  
Plymouth, MI 48170

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**FRANCHISOR:**

\_\_\_\_\_

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

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

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

Rev. 022324

**EXHIBIT H-6 Attachment 1**

**ATTACHMENT 1 TO LEASE ADDENDUM**  
**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto \_\_\_\_\_ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** (“**Lease**”) with respect to the premises located at \_\_\_\_\_.  
This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignor’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

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

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

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

**ASSIGNEE:**

\_\_\_\_\_

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

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

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

Rev. 022324

**EXHIBIT H-7**

**SMALL BUSINESS ADMINISTRATION (SBA) ADDENDUM**



~~ADDENDUM TO FRANCHISE AGREEMENT~~

~~THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between VICTORY LANE QUICK OIL CHANGE, INC. ("Franchisor") located at 45550 HELM STREET, PLYMOUTH, MICHIGAN 48170, and~~

~~("Franchisee"), located at \_\_\_\_\_.~~  
~~Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_ (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.~~

~~In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:~~

~~CHANGE OF OWNERSHIP~~

- ~~• If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.~~

~~FORCED SALE OF ASSETS~~

- ~~• If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.~~

~~<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).~~

~~\_\_\_\_\_~~ **COVENANTS**

- ~~• If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.~~

~~\_\_\_\_\_~~ **EMPLOYMENT**

- ~~• Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.~~

~~As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.~~

~~Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.~~

~~Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729–3733.~~

**Authorized Representative of FRANCHISOR**

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

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

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

**Authorized Representative of FRANCHISEE**

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

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

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

**Note to Parties:** ~~This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicable Franchisee and the franchise system must meet all SBA requirements.~~



**EXHIBIT H-8**

**ISI SUBLICENSEE AGREEMENT**





## EXHIBIT C SUBLICENSEE AGREEMENT

This Sublicensee Agreement (“Sublicensee Agreement”) is made as of this the date of the last signature below (“Effective Date”) by and among (i) Victory Lane Quick Oil Change, Inc. a corporation organized under the laws of the State of Michigan having an office at 45550 Helm St. Plymouth, Michigan 48170 (“Licensee”), (ii) ISI Software LLC, a Delaware limited liability company having an office located at 15115 SW Sequoia Parkway, Suite 110, Portland, Oregon 97224 (“ISI”), and (iii) the undersigned party (“Sublicensee”).

WHEREAS, Licensee has executed that certain Master Software License Agreement, effective the 1<sup>st</sup> day of August 2021 (“License Agreement”), with ISI, pursuant to which ISI is licensing the LubeSoft® software and certain related products (collectively, the “Software”) to Licensee;

WHEREAS, Licensee and ISI have also executed that certain Master Software Support Agreement, effective the 1<sup>st</sup> day of August 2021 pursuant to which ISI will provide support services with respect to the Software (the “Software Support Agreement”);

WHEREAS, the License Agreement explicitly authorizes Licensee to sublicense the Software to Sublicensee for use at Sublicensee’s quick lube location(s) upon Sublicensee’s acknowledgment and acceptance of the terms and conditions of the License Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensee, Sublicensee and ISI agree as follows:

1. Terms and Conditions of the License Agreement. Sublicensee hereby acknowledges and agrees that it (i) has reviewed the terms, conditions and restrictions of the License Agreement as set forth on Appendix 1 hereto and (ii) agrees to be legally bound by such terms, conditions and restrictions as applicable to Sublicensees of the Licensee.

2. Reimbursement of Licensee for Fees Paid under Software Support Agreement. Sublicensee acknowledges and agrees that (i) Licensee is paying software support fees to ISI in connection with ISI’s support of the Software utilized by Sublicensee at its quick lube facility and (ii) Sublicensee will reimburse Licensee for such software support fees upon Licensee’s demand for such reimbursement, including but not limited to all installation fees, license fees, training fees, and taxes. Sublicensee further agrees that all payments will be made via ACH, on demand from licensee.

3. Authorization to Share Data. Sublicensee hereby authorizes ISI to permit Licensee to access all data available within Sublicensee’s point of sale system that utilizes the Software. Therefore, ISI shall permit Licensee to access all data for Sublicensee.

4. Term. The term of this Sublicensee Agreement shall begin on the Effective Date and continue until the earlier of (i) the termination or expiration of the License Agreement and (ii) the termination of this Sublicensee Agreement by Sublicensee upon prior written notice of at least one hundred twenty (120) days to Licensee and ISI. In the event of a termination pursuant to item (ii) above, Sublicensee acknowledges and agrees that it shall have no rights to use the Software as of the effective date of such termination. In the event ISI exercises its option to terminate the Master Software License Agreement without cause, ISI agrees that the terms and conditions of this Agreement will remain in effect for a minimum of one hundred twenty (120) days after notice of such termination.

5. Miscellaneous. This Sublicensee Agreement and any and all matters, disputes, or claims between the parties arising out of, relating to, or in accordance with its subject matter or formation (including any contractual disputes or claims), and whether purporting to be found in contract or tort or at law or in equity, shall be governed by, enforced, and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule. The parties each consent to the venue and jurisdiction of any federal court located in the State of Delaware. Each party agrees that service of process may be made upon it, wherever it can be located or by certified mail directed to the address for listed in the initial paragraph, above. This Sublicensee Agreement constitutes the entire understanding between the parties concerning the subject matter hereof and supersedes any and all previous agreements between the parties relating thereto. This Sublicensee Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signed copy of this Sublicensee Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Sublicensee Agreement.

IN WITNESS WHEREOF, the parties have executed this Sublicensee Agreement as of the Effective Date.

LICENSEE:

SUBLICENSEE:

VICTORY LANE QUICK OIL CHANGE

\_\_\_\_\_

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

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

Name: Justin Cialella

Name:

Title: President

Title:

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

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

ISI:

ISI SOFTWARE LLC

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

Name: Stephen Barram

Title: President

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



**Appendix 1 to Sublicensee Agreement (Exhibit C)**  
**Master Software License Agreement**  
**(All LubeSoft® and Related Products)**

This MASTER SOFTWARE LICENSE AGREEMENT ( “Agreement”) is made effective as of the 1st day of August, 2021 by and between ISI Software LLC, a Delaware limited liability company having an office located at 15115 SW Sequoia Parkway, Suite 110, Portland, Oregon 97224 (“ISI”) and Victory Lane Quick Oil Change, Inc. a corporation organized under the laws of the state of Michigan having an office at 45550 Helm St. Plymouth, Michigan 48170 (“Licensee”).

In consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ISI and Licensee agree as follows:

1. **TERM:** The initial term of this Agreement shall begin on the Effective Date and end on the one-year anniversary of the Effective Date (“Initial Term”). Upon such anniversary and each such anniversary thereafter, this Agreement shall automatically renew for additional terms of one (1) year (each, a “Subsequent Term”) unless either party provides written notice of non-renewal to the other party at least ninety (90) days in advance of the expiration of the Initial Term or the then-current Subsequent Term. After the Initial Term, either party may terminate this Agreement for any reason or no reason by providing ninety (90) days advance written notice to the other party. In the event ISI exercises the option to terminate without cause, ISI agrees that the terms and conditions of this Agreement will remain in effect for a minimum of one hundred twenty (120) days after notice of such termination.

2. **LICENSE GRANT:** ISI hereby grants Licensee a non-exclusive license to use the software (as further described on Exhibit A, the “Software”) for its own business purposes and as further described in Section 3. It is understood and agreed that this license shall explicitly permit Licensee, subject to the conditions set forth in Section 6 below, to sublicense the Software to each authorized sublicensee (each, a “Sublicensee”) for use at the store locations set forth on Exhibit B hereto (as updated from time to time by the parties, the “Sublicensee Locations”). Title to and ownership of the Software shall remain with ISI and shall not be transferred to Licensee or any authorized sublicensee by virtue of this license grant.

3. **USE:** Licensee and each Sublicensee may operate the Software on one single or multi-user central processing unit (“SERVER”). If such SERVER is part of a network, each individual SERVER must have its own Software License. If such SERVER has one or more Thin Client workstations deployed therewith at a Sublicensee Location, such SERVER must have only one Software License. Except as otherwise provided in this Agreement, no other use of the Software by Licensee or Sublicensee shall be permitted.

4. **COPYING RESTRICTIONS:** Licensee may copy the Software, in whole or in part, only for backup and archive purposes. No more than one (1) copy may be in existence at any one time. Each copy shall include, in readable format, any and all confidential, proprietary and copyright notices or markings contained on the original provided by ISI.

5. **PAYMENT OF FEES:** Licensee shall pay in advance of installation, the fees detailed on the proposal prepared for each sublicensee location prior to installation.

6. **SUBLICENSE AND TRANSFER OF SOFTWARE:** Subject to and effective as of Licensee’s payment of the fees set forth in Section 5 above, Licensee may sublicense the Software to each Sublicensee provided that such Sublicensee executes the Sublicensee Agreement attached hereto as Exhibit



C. It is acknowledged and agreed that Licensee will provide ISI with a copy of the signed Sublicensee Agreement for execution for each Sublicensee/Sublicensee Location. Licensee will be permitted to transfer sublicenses of the Software from one Sublicensee to another in the event of a store closure or termination of relationship between Licensee and the affected sublicensee provided that there has been no lapse in the payment of the fees set forth Appendix 2 to the Master Software Support Agreement between ISI and Victory Lane Quick Oil Change with respect to such sublicense. Provided such is the case, no charges will be assessed on the transfer of such sublicense. Exhibit B shall be updated by the parties to reflect such transfer.

7. **COMMUNICATION OF RESTRICTIONS**: Licensee agrees to use reasonable efforts to communicate the restrictions on the use of the Software in this Agreement to its employees, agents or consultants that come into contact with the Software.

8. **LICENSEE COMPLIANCE AND UNAUTHORIZED USE**: Licensee agrees to use all reasonable efforts to ensure that its employees, agents and consultants abide by the terms and conditions of this Agreement including, without limitation, not permitting anyone to use any portion of the Software for the purpose of deriving its source code. In addition, Licensee shall not disclose any passwords or other security information related to the Software. In the event the Licensee becomes aware that the Software is being used by such persons in a manner not authorized by this Agreement, Licensee shall immediately use all reasonable efforts to have such unauthorized use of such Software immediately cease. Licensee shall immediately notify ISI in writing of any unauthorized use.

9. **THIRD PARTY SOFTWARE**: The Software is protected by copyright and is proprietary to ISI. The Software may contain proprietary elements of third parties. If Licensee utilizes the Software in a manner not authorized by this Agreement, such third parties may hold Licensee directly responsible for such use. No third party assumes any liability hereunder regarding Licensee's use of the Software or undertakes any obligation to furnish any support or information directly to Licensee or its Sublicensees.

10. **SOFTWARE UPDATES**: ISI shall provide general release updates to the Software from time to time at no extra charge. To the extent not addressed in the general release updates to the Software, ISI, at its sole cost and expense, shall also provide Licensee with those updates necessary to maintain the operational functionality of the Software. Additional updates to the Software may be requested by Licensee and, if ISI elects to make such additional updates, those updates will be at Licensee's sole cost and expense.

11. **CHOICE OF SOFTWARE**: Licensee is solely responsible for the selection of the appropriate Software to achieve Licensee's intended results/business objectives.

12. **LIMITED WARRANTY**: ISI hereby warrants that, for a period of ninety (90) days from date of delivery to Licensee, the Software shall materially conform to the performance specifications defined in pertinent documentation relating thereto (manuals, guides, exclusion documents, and computer-aided instructions, ("Performance Specifications"). Licensee's sole and exclusive remedy for failure of the Software to materially conform to the Performance Specifications is to return the Software to ISI and notify ISI in writing of such non-conformity within ninety (90) days of delivery to Licensee. ISI shall, within a commercially reasonable timeline, endeavor to provide Licensee with Software which conforms to the express warranty above. In the event that ISI cannot provide such updated Software within the stated time frame, ISI shall refund to Licensee (a) the appropriate pro rata portion (determined by reference to the number of months remaining in the then-current term of this Agreement) of the fees detailed on the proposal prepared for each affected sublicensee location paid by Licensee calculated after excluding fees on the proposal attributable to training, taxes and hardware. In the event of a refund, this Agreement shall automatically terminate and Licensee, to the extent it maintains a copy of the Software or related materials,

shall promptly deliver such copy to ISI or destroy such copy and provide evidence to ISI of the same upon ISI's request.

13. **SOFTWARE UPTIME COMMITMENT:** Following an initial provisioning period of thirty (30) days with respect to each Sublicensee Location, ISI will use commercially reasonable efforts to provide 99% uptime and availability of the Software for the store operations (*i.e.*, during reasonable and normal store hours) of Licensee and each Sublicensee. This uptime commitment excludes any network, hardware, power, environmental or other issues not included as part of the Software. Any time required by Licensee or the Sublicensees to provide required information or test or prepare for a resolution will not be included in the uptime calculation.

14. **DISCLAIMER:** THE LIMITED WARRANTY SET FORTH ABOVE IS IN LIEU OF ALL OTHER WARRANTIES. THE SOFTWARE IS OTHERWISE PROVIDED "AS IS" WITHOUT WARRANTY OR CONDITIONS OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT.

15. **PERSONAL IDENTIFYING DATA:** Licensee understands, agrees, and acknowledges that any Personal Data about Licensee's actual or potential customers is being collected by or on behalf of Licensee from individuals with whom Licensee, rather than ISI, has an actual or prospective business relationship. Licensee may execute a Data Authorization Form directing ISI to provide data to one or more third parties. The parties agree that absent an executed Data Authorization Form, ISI will not disclose Licensee customers' PII. ISI may (a) use and analyze Licensee's use of the Software and its customers' data to generate Anonymized Data and (b) use, publish and otherwise disclose Anonymized Data without restriction, so long as the Anonymized Data is disclosed in a form in which it cannot be used to identify Licensee or any particular individual(s) including Licensee's customers.

16. **INDEMNIFICATION:** ISI will indemnify, defend and hold Licensee and its Sublicensees harmless from and against any and all claims, causes of action, costs, expenses (including interest, awards, judgments, penalties, settlements, fines, costs and expenses incurred in connection with defending any claims or causes of action (including reasonable attorneys' fees) arising from or based on the infringement of or violation by the Software of any third party's intellectual property rights. ISI shall have no responsibility or obligation to indemnify Licensee or its Sublicensees in the event that such infringement of or violation by the Software of a third party's intellectual property rights arises due to the Software being made or modified (by ISI or others, including Licensee or its Sublicensees) to Licensee specifications, or being used or sold in combination with equipment, software, or supplies not provided by ISI. ISI has no other express or implied warranty of non-infringement or liability for infringement or any damages therefrom.

17. **DISCLAIMER:** IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE SOFTWARE. EXCEPT WITH RESPECT TO ITS INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 16, ISI'S LIABILITY TO LICENSEE OR SUBLICENSEES FOR DIRECT DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE SOFTWARE SHALL IN NO EVENT EXCEED THE TOTAL AMOUNT ACTUALLY PAID BY LICENSEE FOR THE SOFTWARE. Some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply.

18. **RESTRICTIONS ON US GOVERNMENT USE:** The Software is commercial computer software and, together with any related documentation, is subject to the restrictions on U.S. Government



use, duplication or disclosure as set forth in subparagraph (c) (1) (ii) of Department of Defense Federal Acquisition Regulations Supplement (DFARS) 52.227-7013 or in subparagraph (g) (3) (i) of Federal Acquisition Regulations (FAR) 52.227-14, Alternate III, as applicable.

19. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the parties hereto pertaining to the Software and supersedes all proposals or prior agreements or understandings of the parties regarding the Software. In the event of any conflict between the terms and conditions of any Licensee purchase order or other ordering document and this Agreement, the terms of this Agreement shall control.

20. **GOVERNING LAW:** This Agreement shall be governed by the laws of the State of Delaware without regard to conflict of law principles. The parties consent to the venue and jurisdiction of any court located in the State of Delaware. Each party agrees that service of process may be made upon it, wherever it can be located or by certified mail directed to the address for notices under this Agreement.

21. The parties agree that the obligations of this Agreement shall also apply and be binding upon and inure to the benefit of each of the parties and their respective agents, employees, and parent, subsidiary, affiliate, and related companies, and upon their respective successors and assigns.

22. All Confidential Information delivered by Disclosing Party to Receiving Party pursuant to this Agreement shall remain the property of Disclosing Party. All such Confidential Information and any copies thereof, including documents prepared which contain the Confidential Information, shall be promptly destroyed or returned to Disclosing Party upon written request. Notwithstanding the foregoing, the Receiving Party: (a) shall not be required to return or destroy any Confidential Information to the extent that it is otherwise required by law, regulation, rule or practice governing the Receiving Party's bona fide document retention policies; (b) will not be obligated to erase any Confidential Information that is contained in any archived computer system backup in accordance with security and/or disaster recovery procedures; and (c) may retain copies of Confidential Information prepared for archival or record retention purposes, provided, in each case, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations and agreements under this Agreement.

23. CONFIDENTIAL INFORMATION MADE AVAILABLE IS PROVIDED "AS IS," AND THE DISCLOSING PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES OF ACCURACY, COMPLETENESS, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, TITLE, AND NONINFRINGEMENT.

24. Should any provision of this Agreement be finally determined to be inconsistent with or contrary to applicable law, such provision shall be deemed amended or omitted to conform therewith without affecting any other provision or the validity of this Agreement.

25. No failure or delay by either party in exercising any power or right under this Agreement shall operate as a waiver, nor does any single or partial exercise of any power or right preclude any other or further exercise, or the exercise of any other power or right.

26. Should any person seek by legal proceedings to compel the Receiving Party to disclose any Confidential Information, the Receiving Party shall provide Disclosing Party with prompt written notice of such proceedings so that Disclosing Party may seek a protective order or other appropriate remedy. In any event, Receiving Party will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.



27. **TAXES:** Licensee will pay any and all taxes, assessments, and other governmental impositions of any nature which are levied on or assessed against the Software covered by this Agreement, other than taxes imposed on ISI's income, and Licensee will pay any sales, use, stamp, export, documentary, compensation, turnover, value-added, intangibles, or other tax applicable to or resulting from this Agreement and the transactions contemplated by this Agreement, if such tax is levied or assessed under laws of any government or other taxing authority within or outside of the United States, and Licensee agrees to indemnify and hold ISI harmless against any and all damage, costs, or expense, including reasonable legal fees and costs, that it may incur as a result of Licensee's failure to perform its obligations under this Section.

This Agreement has been read, understood, and executed by the parties as evidenced by signature below.

LICENSEE:  
VICTORY LANE QUICK OIL CHANGE

ISI:  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: Justin Cialella  
Title: President

By: \_\_\_\_\_  
Name: Stephen Barram  
Title: President

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

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



**EXHIBIT H-98**

**DEFERRED MAINTENANCE AGREEMENT**

DEFERRED MAINTENANCE AGREEMENT

This Deferred Maintenance Agreement (“Agreement”) is entered into this day of \_\_\_\_\_ (“Effective Date”) by \_\_\_\_\_ a [state] [company type] (“Seller”); \_\_\_\_\_ a [state] [company type] (“Buyer”); and Victory Lane Quick Oil Change, Inc., a Michigan corporation (“Victory Lane”). Collectively, Buyer, Seller, and Victory Lane shall be referred to as the “Parties.”

RECITALS

WHEREAS, Seller and Buyer intend to enter into an agreement (“Proposed Sale Agreement”) to sell the Victory Lane business located at \_\_\_\_\_ (“Center”).

WHEREAS, Buyer has requested the Seller confirm and agree to certain terms prior to executing the Proposed Sale Agreement to sell the Center.

WHEREAS, Seller has agreed to confirm and acknowledge the information set forth herein.

WHEREAS, Victory Lane (or its representative) inspected the Center on \_\_\_\_\_, 20\_\_\_\_ (“Inspection”), to ascertain obvious deferred maintenance items under the Center lease, sublease and/or franchise agreement.

WHEREAS, as a result of Inspection, Victory Lane has identified certain actions that must be repaired as a condition to Victory Lane’s consent to the Proposed Sale Agreement (“Conditions”).

WHEREAS, Victory Lane has agreed to consent to the Proposed Sale Agreement, subject to the Conditions contained herein, and Buyer and Seller have agreed to comply with Victory Lane’s Conditions as set forth herein.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

AGREEMENT

1. **RECITALS; SCHEDULE 1.** The Recitals set forth above and the Conditions set forth in Schedule 1 as described in Section 2 of this Agreement are hereby incorporated into this Agreement as if fully stated herein.

2. **CONDITIONS.** Victory Lane requires, as a Condition of Victory Lane’s consent to the sale of the Center, that the items listed on Schedule 1 be completed, addressed and/or repaired by Seller or Buyer within 90 days of the execution of the Proposed Sale Agreement. If the items listed on Schedule 1 are not completed within 90 days of the execution of the Proposed Sale Agreement, Victory Lane has the right to perform the work and charge the cost to the Buyer.

3. **ADDITIONAL TERMS.** To the extent that Victory Lane requires that Buyer enter into a franchise agreement with Victory Lane then the Conditions to Victory Lane’s approval of the Proposed



Sale Agreement is also subject to the terms and conditions set forth in the franchise agreement entered into between Victory Lane and Seller as well as any transfer documents, approval forms or such other terms and conditions that Victory Lane may require and this Agreement shall not modify or relieve Buyer or Seller of any such terms and conditions.

4. **ACKNOWLEDGEMENTS.** Buyer and Seller each acknowledge and agree that:

a. Victory Lane's inspection was limited in scope and was undertaken solely to determine obvious deferred maintenance items and Victory Lane makes no representation of any kind as to the condition of the Center;

b. Victory Lane's inspection did not include (among other things) the roof, heating and air conditioning systems, plumbing system, electrical system and wiring, the Center equipment, including but not limited to, the hoists, underground installations or the environmental condition of the property;

c. the fact that something is not listed in Schedule 1 does not mean that it is in good or acceptable condition for purposes of the undersigned's obligations under the lease, sublease and/or franchise agreement. Victory Lane reserves the right to identify future issues and Buyer agrees to address such issues upon notice from Victory Lane;

d. this Agreement does not limit or replace the Seller's and Buyer's obligations under the lease, sublease or the franchise agreement; and

e. the Seller and Buyer are responsible for conducting, and advised to conduct, their own thorough inspection of the property.

5. **FURTHER ACTIONS.** The Parties each agree to take such further actions as may be required to effectuate the terms of this Agreement, including any and all actions that may be required or contemplated by any franchise agreement between Victory Lane and Buyer or Seller.

6. **BREACH.** The Parties hereby agree that each of the matters stated herein are important, material and confidential, and substantially affect the effective and successful conduct of the business of Victory Lane and its reputation and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Victory Lane, for which the breaching party may be preliminarily and permanently enjoined and for which the breaching party shall also pay to Victory Lane all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Victory Lane's reasonable attorney fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Victory Lane.

7. **NO WAIVER.** Victory Lane may waive a provision of this Agreement only in writing executed by an authorized representative. No party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a party of a breach by another party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching party.

8. **BINDING AGREEMENT.** This Agreement shall be binding upon the Parties' heirs, successors, assigns and legal representatives. This Agreement shall be enforceable by the successors and assigns of Victory Lane, any person or entity which purchases substantially all of the assets of Victory Lane, and any subsidiary, affiliate or operation division of Victory Lane.



9. **HEADINGS**. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

10. **FURTHER ASSURANCE**. Each of the Parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Agreement.

11. **NO FURTHER CHANGES**. Except as specifically provided in this Agreement, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the provisions of the Franchise Agreement and this Agreement, the terms of this Agreement shall control.

12. **CHOICE OF LAW AND VENUE**. This Agreement shall be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

13. **SEVERANCE AND REFORMATION**. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Victory Lane shall be given the broadest protection allowed by law with respect to this Agreement.

14. **ENTIRE AGREEMENT**. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

15. **COUNTERPARTS**. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

*Signature Page Follows*

**BUYER:**

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

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

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

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

**SELLER:**

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

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

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

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

**VICTORY LANE:**

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

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

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

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

Schedule 1 to the Deferred Maintenance Agreement

The following Conditions shall be met:

**EXHIBIT I**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**



## FRANCHISE DISCLOSURE QUESTIONNAIRE

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, Victory Lane Quick Oil Change, Inc. (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Victory Lane franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

**Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland. Maryland franchisees should not answer this Questionnaire.**

1.      Yes\_\_ No\_\_      Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
  
2.      Yes\_\_ No\_\_      Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
  
3.      Yes\_\_ No\_\_      Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
4.      Yes\_\_ No\_\_      Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
  
5.      Yes\_\_ No\_\_      Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
  
6.      Yes\_\_ No\_\_      Have you had the opportunity to discuss the benefits and risks of developing and operating a Victory Lane Franchise with an existing Victory Lane franchisee?
  
7.      Yes\_\_ No\_\_      Do you understand the risks of developing and operating a Victory Lane Franchise?
  
8.      Yes\_\_ No\_\_      Do you understand the success or failure of your Victory Lane Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
  
9.      Yes\_\_ No\_\_      Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Michigan, if not resolved informally or by mediation (subject to state law)?



10. Yes\_\_ No\_\_ Do you understand that you must satisfactorily complete the initial training program before we will allow your Victory Lane Franchise to open or consent to a transfer of the Victory Lane Franchise to you?
11. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Victory Lane Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Victory Lane Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes\_\_ No\_\_ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Victory Lane Franchise?
15. Yes\_\_ No\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 071823



**EXHIBIT J**

**STATE EFFECTIVE DATES**



## State Effective Dates

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

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

State	Effective Date
Illinois	<u>April 29, 2024</u> Pending
Indiana	<u>June 4, 2024</u> Pending
Maryland	<u>May 23, 2024</u> Pending
Michigan	Pending
Minnesota	<u>June 13, 2024</u> Pending
Virginia	<u>May 29, 2024</u> Pending
Wisconsin	<u>April 29, 2024</u> Pending

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

**EXHIBIT K**

**RECEIPT**



**RECEIPT**  
**(Retain This Copy)**

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 Victory Lane Quick Oil Change, 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.

Under Iowa law, if applicable, Victory Lane Quick Oil Change, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Victory Lane Quick Oil Change, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Victory Lane Quick Oil Change, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Justin Cialella, 45550 Helm St., Plymouth, MI 48170, (734) 667-4304
Jim Harrington, 45550 Helm St., Plymouth, MI 48170, (734) 667-4304
Lauren Cialella, 45550 Helm St., Plymouth, MI 48170, (734) 667-4304

Issuance Date: ~~-April 29, 2024~~ 30, 2025

I received a disclosure document issued ~~April 29, 2024~~ 30, 2025 which included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Area Development Agreement
- Exhibit E List of Current and Former Franchisees/Area Developers
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Brand Standards Manuals Table of Contents
- Exhibit H Contracts for use with the Victory Lane Franchise
- Exhibit I Franchise Disclosure Questionnaire
- Exhibit J State Effective Dates
- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name Rev. 012417

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



**RECEIPT  
(Our Copy)**

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Issuance Date: ~~-April 29, 30, 2025~~2024

I received a disclosure document issued April 29, ~~2024~~30, 2025 which included the following exhibits:

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- Exhibit K Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name Rev. 012417

**Please sign this copy of the receipt, date your signature, and return it to Victory Lane Quick Oil Change, Inc., 45550 Helm St., Plymouth, MI 48170.**

