

## FRANCHISE DISCLOSURE DOCUMENT



Integrity 1st Car Pros Franchise Holdings LLC,  
A Texas limited liability company  
3330 Independence Pkwy #300  
Plano, Texas, 75023  
972.807.7138  
www.integrity1auto.com  
franchise@integrity1auto.com

As a franchisee of Integrity 1<sup>st</sup> Car Pros, you will operate a business that provides on-going vehicle maintenance, servicing, and automotive repair services under the INTEGRITY 1<sup>ST</sup> CAR PROS trademark and system.

The total investment necessary to begin operation of an Integrity 1st Car Pros franchised business ranges from \$431,996 to \$667,196. This includes \$94,796 to \$139,796 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Kevin Syed, 3330 Independence Pkwy, #300, Plano, TX 75023, franchise@integrity1auto.com, or 972.807.7138.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1.877.FTC.HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](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.

Date of Issuance: August 29, 2024

## 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 <b>Exhibit I</b> .
<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 <b>Exhibit F</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 Integrity 1st Car Pros business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be Integrity 1st Car Pros franchisee?</b>	Item 20 or <b>Exhibit I</b> 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. If applicable, 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 Texas. 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 Texas than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in higher royalty fees and other fees.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

## NOTICE REQUIRED BY THE 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:**

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**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: Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48933, 517-335-7622.

**\* NOTE: NOTWITHSTANDING PARAGRAPH (f) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (f) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.**

**INTEGRITY 1<sup>ST</sup> CAR PROS**  
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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, the words “Integrity 1<sup>st</sup> Car Pros,” “Integrity 1<sup>st</sup>,” “Franchisor,” “we,” “our,” and/or “us” refer to Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, the franchisee, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners, shareholders, members, officers, directors, and partners.

The Franchisor, and its Parents, Predecessors, and Affiliates

The franchisor is Integrity 1st Car Pros Franchise Holdings LLC, a limited liability company formed in the State of Texas on April 4, 2023. We maintain our principal business address at 3330 Independence Pkwy, #300, Plano, TX 75023. We do business under our corporate name and the name Integrity 1st Car Pros. We do not do business in any other name, and do not currently intend to do business in any other name. Our agents for service of process are listed in Exhibit B to this disclosure document.

We have been offering these franchises since January 2024, and have never offered franchises in any other line of business. We do not engage in any other business activities. We do not have any parent companies or predecessors. Neither us nor our affiliate have offered franchises in any other line of business.

We have never operated a business of the type being franchised, but our affiliates operate several Integrity 1<sup>st</sup> Car Pros Shops as follows:

- N. Dallas Integrity First LLC, a Texas limited liability company, was established in May 2015 and maintains its principal business address at 4050 W. 15<sup>th</sup> St Plano, TX 75093, where it operates an Integrity 1st Car Pros Shop.
- North Texas Patriot LLC, a Texas limited liability company, was established in July 2016 and maintains its principal business address at 2016 Keller Springs Rd #200, Carrollton, TX 75006, where it operates an Integrity 1st Car Pros Shop.
- Integrity-1st Automotive Limited Liability Company, a Texas limited liability company, was established in April 2017 and maintains its principal business address at 3330 Independence Pkwy, Plano, TX 75023, where it operates an Integrity 1st Car Pros Shop.
- Exactt Auto LLC, a Texas limited liability company, was established in July 2018 and maintains its principal business address at 2014 N Hwy 78 STE 170 Wylie, TX 75098, where it operates an Integrity 1st Car Pros Shop.
- Dallas Integrity Automotive LLC, a Texas limited liability company, was established in May 2019 and maintains its principal business address at 6901 Coit Rd, Plano, TX 75024, where it operates an Integrity 1st Car Pros Shop.
- Piston & Watts LLC, a Texas limited liability company, was established in March 2021 and maintains its principal business address at 6702 S State Hwy 78, Sachse, TX 75048, where it operates an Integrity 1st Car Pros Shop.
- Integrity 1st Collision LLC, a Texas limited liability company, was established in October 2018 and maintains its principal business address at 325 FM 544, Murphy, TX 75094, where it operates an Integrity 1st Car Pros Shop.
- Integrity 1st Operations LLC, a Texas limited liability company, was established in September 2023 and maintains its principal business address at 6359 Belmont Ave, Dallas, TX 75214, where it operates an Integrity 1st Car Pros Shop.

- Midway Operations LLC, a Texas limited liability company, was established in November 2023 and maintains its principal business address at 2601 Midway Rd, Carrollton, TX 75006, where it operates an Integrity 1st Car Pros Shop.

Our affiliate, Integrity 1<sup>st</sup> Car Pros IP Holdings LLC, a Texas limited liability company formed on April 4, 2023 (“Integrity IP”) owns the Marks and licenses us the right to use them and to sub-license their use to franchisees and licensees. We may form additional affiliate entities and may own the premises upon which a Franchised Business (defined below) may be located and may be the landlord in such instances, Integrity 1<sup>st</sup> Car Pros Realty, LLC, a Texas limited liability company formed on October 4, 2023 and other entities we may form from time to time (each a “Integrity Realty”), may be the landlord for the Franchised Business leasing or subleasing the premises to you for operation of your Integrity 1<sup>st</sup> Car Pros Shop. If we lease or sublease the premises to you where the franchised business is located, you will be required to sign a commercial lease with Integrity Realty in a form same as or similar to the form attached as Attachment 7 to the Franchise Agreement. Integrity IP share our principal business address 3330 Independence Pkwy, #300, Plano, TX 75023. Integrity Realty and Integrity IP have never operated a business of the type you will operate, and has never offered franchises in any line of business.

### The Franchise Offered

We franchise the right to operate a business providing on-going vehicle maintenance, servicing, and automotive repair services (the “Franchised Business”). You will provide required services and sell our recommended automotive products as well as perform all work associated with automobiles. You will operate the Franchised Business from a stand-alone location whether located in a strip-style center or a free-standing building (each the “Shop”). We offer franchises as “start-up” businesses but you may convert an existing business into a franchised business.

You will operate your Franchised Business according to the terms and conditions of our standard franchise agreement (“Franchise Agreement,” see Exhibit C) and our operational standards, specifications, policies, and procedures, which we will communicate to you through our confidential operations manual, newsletter, and other written directives (collectively, our “Manual”). As a franchisee, you will have the right to use our proprietary business format and system (“System”) and to do business under our trademarks and service marks (“Marks”).

Our System includes distinctive programs, interior and exterior design, décor, color scheme, graphics, fixtures, and furnishings; our proprietary products and proprietary technology solutions, merchandise, and offerings which incorporate our trade secrets and proprietary; our operation and customer service standards and procedures, our advertising and marketing specifications and requirements, and our other standards, specifications, techniques, and procedures which we designate from time-to-time for developing, operating, and managing Integrity 1<sup>st</sup> Pro Care<sup>®</sup> businesses (“Standards”); all of which we may change, improve, and additionally develop from time-to-time.

You will operate the Franchised Business using the Integrity 1st Car Pros Marks, System, and Standards within a specified geographic area granted to you pursuant to the Franchise Agreement.

### Market and Competition

The automobile maintenance and repair market are well developed and highly competitive. You will compete with individual and chain or franchised automotive service centers that offer similar automobile services, as well as other Integrity 1<sup>st</sup> Car Pros Shops, which includes those which we or our affiliates may own and operate, other specialty exhaust and brake shops, quick lube shops, tire shops (many of which are franchised), service stations, general garages, new car dealers, and the automotive repair facilities of mass merchandisers and department stores. The demand for the products and services offered by Integrity 1st Shops could be adversely affected by continuing developments in automotive technology, including the improvement in original equipment manufacturers’ parts quality, as well as longer and more inclusive manufacturers’ warranty periods.

### Regulations Specific to the Industry

You must comply with all federal, state, and local laws and ordinances that apply to businesses generally, as well as those regulated to the operation of your automotive repair and service facility more specifically. These include, but are not limited to, wage and hour and other employment laws, including minimum age and minimum wage and overtime laws, other labor laws, and statutes governing occupational health and safety, environmental and hazardous materials, licensing and permits, bonding, and insurance. You must comply with all federal, state, and local regulations regarding the disposal of waste products and chemicals. You must obtain licenses, permits and bonds for performing the work of the Franchised Business. These laws vary from place to place and will affect different franchisees in different ways. You also must comply with federal and state laws governing the advertising and marketing of your business, including the federal Truth in Advertising Act, state commercial bribery laws, and laws prohibiting public adjusters from accepting remuneration from service providers.

In addition to laws that apply to all businesses, you must comply with all laws and regulations specific to the car care and oil change and tune-up industry and those that apply to the operation of motor vehicle repair and maintenance shops, including, but not limited to, consumer-orientated legislation. Some states require special licenses to operate car repair facilities. Various federal, state and local environmental laws and regulations apply to the use, handling, treatment, storage, disposal and recycling of tires, oil, used oil, oil filters and other substances, materials and wastes considered hazardous. You may need to obtain state and other certifications that the Franchised Unit is an approved waste oil and filter remover/handler/disposer. In addition, if you utilize underground or on-site storage tanks, they must pass any required local environmental quality inspections. We are not obligated to provide you with guidance about these laws and regulations, and you are solely responsible for knowing about and complying with all laws and regulations applicable to your Franchised Unit. As such, it is important that you consult your legal advisor to determine what laws apply to your Franchised Unit.

You must investigate and comply with all applicable federal, state, county and city laws and regulations in your area, as well. You alone are responsible for complying with all applicable laws and regulations.

### **ITEM 2 BUSINESS EXPERIENCE**

#### Chief Executive Officer: Kevin Syed

Kevin Syed has served as our Chief Executive Officer since our inception in April 2023 in the Dallas, Texas Metroplex Area. He also serves as the Chief Executive Officer for N. Dallas Integrity First LLC since May 2015, Integrity-1st Automotive Limited Liability Company since April 2017, Exactt Auto LLC since July 2018, Dallas Integrity Automotive LLC since May 2019, Piston & Watts LLC since March 2021, and Integrity 1st Collision LLC since October 2018 in Dallas, Texas.

#### Director of Operations: Ron Ramy

Ron Ramy has served as our Director of Operations since our inception in April 2023 in Plano, Texas. From May 2014 to February 2022, Mr. Ramy was the Customer Service Manager for Web4Realty in Toronto, Canada. He also currently serves as the Director of Operations for N. Dallas Integrity First LLC since May 2015, Integrity-1st Automotive Limited Liability Company since April 2017, Exactt Auto LLC since July 2018, Dallas Integrity Automotive LLC since May 2019, Piston & Watts LLC since March 2021, and Integrity 1st Collision LLC since October 2018 in Dallas, Texas.

#### Chief Sales Officer: Anthony Wheeler

Mr. Wheeler has served as our Chief Sales Officer since February 2024 in Plano, Texas. He previously served as Regional Director for Brakes Plus from November 2011 to February 2024 in Dallas, Texas.

### **ITEM 3**

## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5 INITIAL FEES

### **Initial Franchise Fee**

You will pay us an initial franchise fee of \$75,000, which is payable in two installments: the first installment of \$50,000 is due upon the signing of the franchise agreement and the second installment of \$25,000 is due upon confirmation of your Site Selection criteria being met. However, in some cases, such as when the site selection involves the purchase of land, the full initial franchise fee of \$75,000 will be due at the time of signing the Franchise Agreement. The initial franchise fee is calculated uniformly for all franchisees, is fully earned upon the signing of the franchise agreement and is non-refundable upon receipt.

### **Veterans Incentive**

We currently offer a 10% discount on our initial franchise fee if you were honorably discharged from any branch of the United States military or are a current or former full-time law enforcement, paramedic, or fire person in good standing with a minimum of three years of service. In order to qualify for this discount, you must present your DD-214 reflecting your military status prior to the signing of the Franchise Agreement. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a 51% ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active military ID or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. We reserve the right to cancel or modify any incentive program or discount at any time

### **Land Purchase**

You are solely responsible for identifying the land that we approve for your Shop; however, if we mutually agree, we may endeavor to purchase the Land that you have chosen and we have approved for your Shop.

Only if we mutually agree to acquire the land for your Shop, we will notify you in writing if, for any reason at our sole discretion, we are unable to purchase the Land and we will provide you the following options: 1) choose an alternate location that we will attempt to acquire the land or 2) we will refund the initial franchise fee minus 10% in consideration of expenses incurred by Integrity 1st including lost opportunities to enter into a Franchise Agreement with other candidates, the amount not to exceed \$21,375. "Land" is defined as the area to be purchased for the construction of the building and other improvements that will be used to operate your Integrity 1st Car Pros Shop.

In the event your Franchise Agreement is terminated prior to signing the documents for the purchase of the Land by us, we will refund to you the initial franchise fee minus 10% in consideration of the cost incurred by processing your application, site selection, preparation of documents to enter into the franchise relationship, and other administration expenses associated with the finding and acquisition of the land. In any event, such refund shall not exceed \$21,375.

For any reason if your franchise agreement terminates after the acquisition of the Land or we have submitted site plans to the governing city authority or we have performed our due diligence in connection with the acquisition of the Land, your initial franchise fee will be non-refundable and we will retain the full initial franchise fee.

If we do not mutually agree to purchase the land on your behalf, you are solely responsible for identifying and securing the site pursuant to our site selection criteria within the timeframe identified and, in such event, the initial franchise fee is fully earned upon signing the franchise agreement and is non-refundable under any circumstances.

### **Rental Payments**

Although you are not required to lease from us or affiliate, if we or our affiliate own the premises of the Franchised Business or lease it from a third party and sublease to you, we will lease the Franchised Business' premises to you on a so-called "triple-net" basis. Under a triple-net lease, the tenant (in addition to paying the fixed and percentage rent) pays all real estate taxes and assessments and any common area charges and is obligated to perform all maintenance, repairs and replacements of the premises (non-structural, structural, interior, exterior), to provide all required insurance and to pay all other costs associated with the use, occupancy, leasing and ownership of the premises. When you lease the property from us or our affiliate, we anticipate \$7,000 to \$16,000 monthly rent based on 3,500 sq ft to 7,000 sq ft. Prior to execution of the lease, you must submit to us or our affiliate a security deposit equal to one month's rent, and pay one month's rent and taxes on the designated commencement date of the lease. The triple net rent and taxes typically range from \$3,000 to \$5,000 per month. We or our affiliate will hold the security deposit to secure performance of your obligations under the lease and may be applied to cover any payments owed and any losses, costs, or damages incurred by us or our affiliate, as applicable. Any amount of the security deposit that is not used or applied to any amounts owed to the landlord is refunded to you upon termination or expiration of the lease. Otherwise, these expenditures are non-refundable and they are not financed by us, (except to the extent described in Item 10). If you lease the premises from us or our affiliate you must sign an Integrity 1<sup>st</sup> Car Pros Shop lease in a form the same as or similar to a form attached in Attachment 7 of the Franchise Agreement.

### **Initial Inventory and Equipment**

Prior to opening your Shop, certain equipment, tools, and furniture must be purchased from us in order to operate a new Shop. Examples of these items are vehicle lifts, A/C machines, air compressors, alignment rack/machine, battery chargers, bench grinder(s), tire machines, and other such items as we deem necessary to begin operations. The estimated equipment cost will range between \$150,000 and \$195,000 (excluding applicable sales and use tax, and shipping/freight charges which shall be paid directly to the third parties). The estimated equipment cost includes \$3,000 to \$5,000 for initial inventory you must purchase from us or our affiliates. Payment will be made directly to us, our affiliate, or the designated vendor according to its payment terms. The initial inventory and equipment package fee is fully earned upon receipt and is nonrefundable upon payment.

### **Proprietary Computer System Requirements**

We will provide to you access to certain systems that you will be required to utilize in the operation of your Integrity 1<sup>st</sup> Car Pros Shop. The software includes our own Integrity 1<sup>st</sup> mobile and web application(s), CRM, automated marketing, and SMS/email/push notifications. The approximate one time set up cost is \$999 and the on-going cost is \$599 per month plus any applicable data overages. The ongoing fee is subject to increase based on the greater of vendor fee increases or subject to increase each calendar year by an amount not to exceed 10% of the prior year's cap. Fees for specific software purchases are only refundable prior to your Shop opening. We reserve the right to add or delete such items which may be purchased through Integrity 1<sup>st</sup> at any time with 30 days written notice provided to you; all costs are subject to change.

### **Referral Program**

If you refer a franchisee to Integrity 1<sup>st</sup> Pro Care System, and if the new franchisee executes our then-current form of franchise agreement, pays all required then-current initial franchisee fees, complete training in a satisfactory manner to Integrity 1<sup>st</sup>, and opens the Integrity 1<sup>st</sup> Shop for business, we will pay a \$10,000 referral fee to you for referring franchisee upon new franchisee's Integrity 1<sup>st</sup> shop opening date.

Except as described in this Item 5, all fees are uniformly imposed on new franchisees receiving this offering. All fees are fully earned when paid to us and are non-refundable upon payment, except as described in this Item 5.

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>1</sup>	30% to 50% of monthly Shared Profits <sup>1</sup> , depending on whether you meet minimum performance goals	15 <sup>th</sup> day of the month each month	You must pay your Royalty Fee directly to us. The Royalty fee is based on the Shared Profits from the previous month, see <u>Note 1</u> .
Brand Development Fee <sup>1</sup>	Up to 3% of Gross Revenue; currently, 1% of Gross Revenue <sup>1</sup>	Monthly on the 5 <sup>th</sup> day of the month	You must pay the Brand Development Fee in the same manner as the Royalty Fee.
Local Advertising	3% of Gross Revenue	Monthly	You must advertise your Franchised Business in your local market and pay directly to third-party vendor, subject to our approval. We may require your expenditures to be used in cooperative advertising.
Advertising Cooperative	Currently 0% but we may collect up to 2% of Gross Revenue	As specified	Not currently implemented but we reserve the right to do so in the future. This expenditure is in addition to the Local Advertising requirement and Brand Development Fee.
Proprietary Software Fee	Currently a one-time set up fee in the amount of \$999 plus \$599 per month but may be subject to increase based on greater of (a) vendor pricing or (b) an amount not to exceed 10% of the prior calendar year's cap.	Within 10 days of demand	Paid directly to us in the same manner as the Royalty Fee or other method of payment we may designate. Software includes: CRM, automated marketing, SMS/push notifications/ email notifications, and our Integrity 1st mobile app, and any other software we may require from time to time. Paid to Integrity 1 <sup>st</sup> based on negotiated pricing for bulk orders; all software is purchased from 3 <sup>rd</sup> party vendors. This fee is subject to increase based on vendor price increases such amount or actual cost whichever higher.
IT Support Fee	Currently approximately \$150 per month but up to	Last day of the month	IT Support Fee covers our cost of developing,

Type of Fee	Amount	Due Date	Remarks
	<p>\$500 per month, which is subject to adjustment in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year or in an amount equal to any increase passed on by the applicable third-party vendors.</p>		<p>acquiring, implementing and licensing Internet and communication technologies for the benefit of franchisees and the System. This may include web hosting, technical support, email accounts and other various services. We will automatically debit from your bank account via ACH or other means designated by us. The IT Support Fee is subject to increase by the greater of an increase of vendor pricing or the amount not to exceed 10% of the prior year's IT Support Fee.</p>
Transfer Fee <sup>2</sup>	\$30,000	Before transfer	<p>Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization. At our sole discretion, we may waive this fee if the transfer is to a legal entity, you control or to a member of your immediate family.</p>
Renewal Fee	50% of the then-current initial franchise fee	Upon renewal	<p>Payable if we approve your renewal request and upon signing our then-current franchise agreement which may contain materially different terms.</p>
Managed Portal Fees	<p>Currently \$0 as the service is not currently provided, when offered the amount will be our actual cost passed through to you.</p>	<p>Monthly on the 5<sup>th</sup> day of the month, or at such other times as we specify</p>	<p>Set up and monthly fees imposed by the service provider and us to manage the port.</p>
Audit Expenses <sup>3</sup>	<p>Actual costs and expenses associated with audit, we estimate the amount is approximately \$1,500 - \$5,000; however, it may be higher.</p>	Upon demand	<p>Audit costs are payable only if the audit shows you have not spent a minimum of 3% of Gross Revenue on local advertising, if you underreported amounts you owe us by 3% or more, if you obstruct our ability to perform the audit; or if you refuse to schedule the audit which increases the expense of the audit or causes delay.</p>

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Interest Charges <sup>4</sup>	10% per month (12% annually) or the highest rate allowed by law, if less.	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. The Interest Charges are in addition to the Late Fees
Late Fee(s) <sup>4</sup>	\$100 per report; \$100 per payment	Upon demand	Applies to any report or payments received from you more than 5 days after the due date.
Approval of Products or Suppliers	Franchisor's actual costs of evaluation, approximately \$500- \$1,000	Time of evaluation	You pay us the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Insurance Policies /Failure to Maintain Coverage	Amount of unpaid premiums plus our actual expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and although we are not obligated, we may elect to obtain coverage for you, in such event you must reimburse us for all our actual costs of obtaining the insurance plus unpaid premiums.
Transaction Fee <sup>5</sup>	The greater of (i) 7% of the gross value of the business transaction or (ii) \$50,000.	Deposit due upon signing of the then-current Transaction Fee Agreement, and the remaining Transaction Fee is due upon closing of the transaction	If you authorize Integrity 1 <sup>st</sup> to find a buyer to purchase your existing franchise. This fee is in addition to applicable transfer fees. Upon authorization, you will sign the Transaction Fee Agreement (Exhibit D to this disclosure document) and pay Integrity 1 <sup>st</sup> a non-refundable deposit greater of an amount equal to \$10,000 or 1% of the listed price of the Franchised Business whichever is greater and upon closing you must pay the remaining Transaction Fee.
Dishonored Check, ACH draft, or other form of payment	\$250 per occurrence	Upon demand	You must pay us for each check returned or ACH draft or other form of payment is refused by your financial institution for insufficient funds in your account.
Additional Training Fee for a Substitute or	Not to exceed \$2,000 per attendee, currently \$0	When training is scheduled	Our initial training program is covered by the initial

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
New Manager or Principal			franchise fee. If you have to repeat initial training, or if you replace your Designated Manager or bring new principals into your franchise, we apply these additional training fees.
Additional Training and Support Fees	Our then-current rates but not to exceed \$2,000 per attendee, plus travel and lodging expenses	When training is scheduled	We may also develop or require additional training during the year, and you and/or your employees will be required to attend. Attendance will not be required more than one time per year and will not exceed three days in any year, and you must also pay all wages, travel, lodging, and other expenses incurred in attending the training.
Call Center and Client Experience Program fees	Actual set up and monthly fees imposed by the service provider, currently \$0 as the program has not yet been implemented	Monthly on the 5 <sup>th</sup> day of the month, or at such other time(s) as we specify	We reserve the right to require you to use our preferred service provider to receive call center services. We may pay a portion of the fees to third parties, such as the call service provider, and we may in the future have a third party collect all or a portion of the fees.
Additional Operations Assistance	Currently, \$0 per day plus our actual expenses	Time of assistance	We provide assistance around the beginning of operations. You may be required to pay for additional assistance if you request it or if we determine it is necessary.
Non-compliance Fee	Currently \$250 per day	Upon demand	If the non-compliance persists, we will continue to charge \$250 per day until you come into compliance
Cost of Enforcement	All costs including actual accounting and attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing our rights under the franchise agreement and we prevail; or if we are sued because of something you do or fail to do. (Attorney's fees may include in-house legal costs charged at rates comparable to outside attorneys.)
Indemnification	Our actual costs and related attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us and

Type of Fee	Amount	Due Date	Remarks
			our affiliates harmless against lawsuits arising from your operation of the Franchised Business. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.
Liquidated Damages	An amount calculated as average Gross Revenue or approximately \$12,500 (whichever is higher) multiplied by 24 months.  If the Franchised Business has been operating for less than twelve months at the time of termination, average Gross Revenue means total Gross Revenue for the period of operation divided by the number of months in operation.	Upon demand	Payable in lieu of continuing Royalty Fee and Brand Marketing Fee Contributions, within 30 days following termination of the Franchise Agreement. This is not a termination fee.
Liquidated Damages for marketing in another Franchisee's Territory	Up to \$5,000 per incident	At the time of occurrence and upon invoice from Franchisor	75% paid, when applicable, to the franchisee whose territory was violated, and 25% paid to us.
Lease Payments <sup>6</sup>	Approximately \$7,000 to \$16,000 base rent per month plus triple net costs subject to 3.0% to 5.0% increase per year based on current market conditions (may reference to lease agreement)	Rent is due on the 1 <sup>st</sup> day of each month. Triple net costs are due as they are incurred.	Payable only if you lease the premises (land and building) from Integrity Realty. If applicable then payable to Integrity Realty. Fixed minimum rent under signed lease agreement between you and Integrity Realty, lease increases by a minimum of 3-5% each year over the lease term, Under the lease, every five years Integrity Realty at its option may establish a new fixed minimum rent based on fair market value.
Step-In Rights	Not to exceed 10% of Gross Revenue plus travel and lodging expenses for our personnel	On demand	Payable only if we manage the Shop on your behalf.

All fees and expenses described above are non-refundable and, unless otherwise indicated, we impose all fees uniformly, and all fees are payable to us via electronic funds transfer.

**NOTES**

Note 1. You will pay a Royalty Fee of 50% of monthly “Shared Profits” to Integrity 1st each month during the first 12 months you are in business. Beginning month 13 through the following 48 months, you will be awarded additional profit sharing in the amount of 5% contingent upon you meeting performance goals (amongst other goals) and compliance with following minimum standards including but not limited to: (a) compliance with standard operating procedures defined as those listed in the Manual which may be updated from time to time at the Franchisor’s sole discretion, (b) meet minimum revenue targets defined as your Shop must earn \$800,000 in revenues in the first 24 months and a minimum of 20% revenue growth for each subsequent year, (c) meet minimum net-income margin targets defined as your Shop must achieve a 20% margin in your first 12 months, 22% for months 13-24, 25% for month 25 through the remainder of your term, (d) minimum margin targets on parts defined as your Shop must earn 55% margin on parts, exclusive of batteries and tires, (e) reputation targets defined as earning 100 online reviews per year from platforms such as Google, Yelp, RepairPal, etc. Coupled with the online review, your Shop rating cannot go below 4.7/5.0 on all online platforms, (f) meet all Shop safety standards (g) meet all Shop image and cleanliness standards and (h) comply with the terms and provisions of your franchise agreement. If you are in compliance with our minimum standards, during the remainder of all terms of your franchise, including all extension and renewal periods, the potential split will be 70% to you and 30% to us; however, failure to maintain minimum standard will revert the revenue split to 50%. In order to qualify for the increasing split, you must meet our system standards as specified herein and in our operational manual, and we reserve the right to modify those standards with prior written notice to you; at no time shall the split exceed a 30% split. Royalty Fee payment is due on the last day of each succeeding month, and is based on the “Shared Profits” estimated for the preceding month. Estimated payments will be due monthly and a final reconciliation will be calculated at each year end in order to reconcile actual profits from projected profits.

“Shared Profits” shall mean all monies, revenues and items of value from all sources generated in connection with and/or in any way related to the Franchised Business minus the Approved Expense Items. “Approved Expense Items” shall mean (i) those expense items calculated under Generally Accepted Accounting Principles (GAAP) and approved by us as set forth in the Manual, (ii) all subsequent written budget adjustments that are approved in writing by us, and (iii) all adjustments defined in the Manual. Amendments to the Manual that impact the Approved Expense Items will be effective upon the later of (i) receipt by you, or (ii) the effective date that is designated in writing from us. Approved Expense Items include approved expenses, debt service and/or other capital expenditures, which are approved in advance. Any salary or wage that your business pays to you and/or your spouse, as an employee of the franchise, is contingent upon the business making enough profit to pay such salary or wage and is not a guarantee of payment by Integrity 1st. Integrity 1st agrees to allow up to \$60,000 combined salary or wage to you or split between you and your spouse to be an Approved Expense Item.

“Gross Revenue” means all collected revenues from the sale barter, or trade of any and all goods, services, products, equipment, repairs, materials, or construction derived from the Franchised Business. Gross Revenue does not include sales tax or use tax. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues.

Note 2. If you sell your operating company, the purchaser must be approved by Integrity 1<sup>st</sup>. You must submit a written application to Integrity 1<sup>st</sup> to begin the transfer of ownership application process. At the time of your application, you must pay a \$2,500 application fee; this cost covers all administrative fees required to review your written request. The application fee is uniform for all applicants, non-refundable and fully earned upon receipt. Upon approval of the transfer application, the remaining \$27,500 transfer fee is due within 3 days of approval. You are solely responsible for the Transfer fee which is in addition to the

Transaction Fee ( see note 5).

Note 3. We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited, and how well you keep your books and records. You pay our actual costs connected to the audit only. You may investigate these costs by contacting auditors in your area.

Note 4. Interest and late fees begin to accrue from the date payment was due, but not received, or date of underpayment.

Note 5. If you authorize Integrity 1<sup>st</sup> to find a buyer to purchase your existing franchise, we will charge you the greater of 7% of the gross value of the business transaction or \$50,000. This fee is in addition to applicable transfer fees. Upon authorization, you will sign the Transaction Fee Agreement (see Exhibit D to this disclosure document) and pay Integrity 1<sup>st</sup> a non-refundable deposit greater of the amount equal to \$10,000 or 1% of the listed price of the Franchised Business. The remaining balance is due upon closing and in addition to our then-current transfer fee as mentioned above. The deposit covers costs associated with financial due diligence, marketing and lead generation among other items. You are solely responsible for the Transaction Fee which is in addition to the Transfer Fee ( see note 2).

Note 6. You will be required to make lease payments to Integrity 1<sup>st</sup>, an affiliate of Integrity 1<sup>st</sup> or a third-party land owner in an amount as set forth in the Commercial Lease Agreement. Your payment will be approximately \$7,000 to \$16,000 plus triple net costs subject to approximately 3.0% to 5.0% increase each year subject to current market conditions pursuant to your signed lease. Your exact triple net costs will be disclosed in your lease and you will be notified promptly of any increases in a timely manner. We anticipate additional estate taxes of \$3,000 to \$5,000 per month and insurance which will be your responsibility.

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

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Franchise Fee <sup>1</sup>	\$75,000	Installment	At Signing of Franchise Agreement	Us
Rental Security Deposit <sup>2</sup>	\$7,000 to \$16,000	Lump Sum	As Arranged	Us
Real Estate/Rent <sup>2</sup> (3 months)	\$21,000 to \$48,000	Per lease terms	Monthly	Us
Renovations and Improvements <sup>3</sup>	\$90,000 to \$165,000	As invoiced	As arranged	Third-Party
Office Equipment and Supplies <sup>4</sup>	\$300 to \$1,000	As invoiced	As arranged	Suppliers
Service Tools, Furniture, & Equipment <sup>5</sup>	\$150,000 to \$195,000	As invoiced	As arranged	Approved and third-party suppliers
Initial Inventory <sup>6</sup>	\$3,000 to \$5,000	As invoiced	Prior to opening	Suppliers
Uniforms <sup>7</sup>	\$250 to \$650	Lump sum	Prior to opening	Suppliers
Computer & Software <sup>8</sup>	\$5,000 to \$10,250	Lump Sum	Prior to opening	Approved and third-party suppliers
Proprietary System and Software <sup>8</sup>	\$2,796	As invoiced	As arranged	US
Training <sup>9</sup>	\$5,000 to \$7,500	Lump sum	During Training	Airlines, hotels and restaurants
Signage <sup>10</sup>	\$0 - \$ 25,000	As invoiced	As arranged	Us
Grand Opening <sup>11</sup> (60 days)	\$5,000 to \$15,000	As invoiced	As arranged	Approved and third-party suppliers
Marketing/ Advertising (3 Months) <sup>11</sup>	\$5,000 to \$7,500	As invoiced	As arranged	Approved and third-party suppliers
Insurance <sup>12</sup>	\$5,000	As invoiced	Prior to opening	Insurance company
Licenses & Permits <sup>13</sup>	\$250 to \$5,000	As incurred	As arranged	Licensing authorities
Legal & Accounting <sup>14</sup>	\$1,500 to \$2,000	As incurred	As arranged	Attorney and accountant
Utility Security Deposits	\$5,000	As incurred	As arranged	Utility Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Utilities monthly	\$900 to \$1,500	As Incurred	As arranged	Utilities Vendors
Additional Funds <sup>15</sup> (3 months)	\$50,000 to \$75,000	As incurred	As arranged	Employees, utilities, lessor, and suppliers
TOTAL <sup>17</sup>	\$431,996 to \$667,196			

\*Unless otherwise noted, none of the fees paid to us in this chart are refundable. Whether such fees paid to third parties are refundable would depend upon the policies of the third parties.

#### NOTES

Note 1. The initial franchise fee is \$75,000. \$50,000 is due upon the signing of the Franchise Agreement and the remaining \$25,000 is due upon your site selection criteria being met, subject to discounts described in Item 5.

Note 2. You may be required to pay a security deposit for the leased premises. Typically, a security deposit will be equal to the amount of one month's rent and taxes, but this amount may vary depending upon negotiations with the landlord or based on the location of the real estate, size, and condition of premises among other factors. Generally, the security deposit is refundable to the extent it is not applied. The low end assumes a lease of 3,500 square feet and the high end assumes a lease of 7,000 square feet.

The estimates in this table assume that you will lease your premises. You may also be required to pay property taxes and other leasehold costs. Your rent and taxes will vary depending upon the location of the retail space, size and condition of the premises, local market conditions, and other factors.

Note 3. To adapt the office and storage area for operation of the Franchised Business, you may need to make some renovations or improvements. The cost of the renovations and improvements will vary depending on factors, including the size, condition, and location of the facilities, local wage rates and the cost of materials. The low estimate assumes that fewer improvements are needed. Note this amount is applicable if you lease the premises from a third party landlord or if we lease the premises and sublease it to you.

Note 4. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions and competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use, and length of time of possession.

Note 5. Prior to opening, you must purchase certain equipment, service tools and furniture from Integrity 1st that will be used to operate the franchise. This will include the equipment listed in our Manual at a current total cost of approximately \$150,000 to \$195,000. We may add or delete items to be purchased from or through us at any time. The equipment is purchased by us in order to obtain better pricing than individual purchasers could obtain, and we will charge you the wholesale cost. The costs for equipment purchases are refundable prior to delivery, and subject to change with written notice to you.

Note 6. Your initial inventory will consist of engine oils, brake fluid, transmission fluid; power steering fluid, coolant, refrigerant, oil filters, engine air filters, cabin air filters, wiper blades, batteries and other miscellaneous items (e.g., wheel weights, lubricants, gear oil, etc.).

Note 7. The range of costs provided represents an initial supply of uniform shirts that meet our standards and specifications. The costs will vary depending on the number of employees that you hire and the quantity of uniform shirts that you order.

Note 8. You must purchase a computer and software necessary for operating the Franchised Business. The approximate set up cost for this is \$5,000 and the on-going cost ranges from \$1,750 to \$2,500 per month plus any applicable data overages. Fees for specific software purchase are only refundable prior to your Shop opening. We reserve the right to add or delete such items which may be purchased through Integrity 1st at any time with 30 days written notice provided to you; all costs are subject to change. You must obtain access to certain proprietary system and software that you will be required to utilize in the operation of your Integrity 1st Car Pros Shop directly from us and pay us the one time set up cost of \$999 and must pay us an ongoing Proprietary Software Fee in the amount of \$599 plus any applicable data overages. The cost for the Proprietary Software Fee includes the onetime setup cost of \$999 and ongoing fee of \$599 for three months of operation of your Shop.

Note 9. You will spend approximately \$5,000 to \$7,500 for pre-opening travel related to training for your Franchised Business. This includes flight, rental car, hotel and food for approximately 30 to 45 days prior to opening. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose.

Note 10. You must display and maintain a sign for your franchise. The low end of the range assumes Integrity 1st will select the sign, the location for the sign and the company to build and install the sign. The cost of this sign is included in your project cost or construction loan. The high end of the range assumes that Integrity 1st is not your landlord and you will be responsible for the cost of your signage. In such case, you will be required to submit proofs and have placement/location of the signs authorized by Integrity 1st prior to commencement of purchase. In all cases, all costs and expenses related to maintaining, repairing and/or replacing the sign will be your obligation on an on-going basis throughout the term of your Agreement.

Note 11. During the 30 days prior to your Shop opening through approximately 30 days after your Shop opens, we require you to spend a minimum of \$5,000, although we recommend that you spend a minimum of \$10,000 to \$15,000 on advertising and promotion, including online and Internet marketing and advertising, dues for business organizations, event dues or other solicitation and promotional efforts. Beginning your first month of operation, we also suggest you spend approximately \$5,000 to \$7,500 within your first 90 days or \$10,000 to \$20,000 annually for marketing and advertising as approved by Integrity 1st. This amount is in addition to your Grand Opening spend.

Note 12. You must purchase insurance as required by state law and of the type and with minimum limits as we specify. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the renovations and improvements, equipment, inventory, number of employees, and other factors. Often, these premiums may be financed on a monthly payment plan that will reduce the initial cash outlay depending on your providers and your credit worthiness.

Note 13. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and storage area. In addition to business and operating licenses and permits, you may need to hire a licensed contractor or engineer to make repairs to damaged structures. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

Note 14. You will need to employ an attorney, an accountant and other consultants to assist you in setting up your business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants.

Note 15. We set forth an estimate of your needed additional funds for a three-month period. However, we estimate that you will be required to put additional funds into the business for a three-to-seven-month time period, and sometimes longer. You should therefore consider our estimates as minimum amounts and may

wish to have additional cash reserves. We cannot promise if or when you will become cash flow positive or profitable. Additional funds are needed to cover operating expenses, including rent, utilities and employees' salaries.

Note 16. In compiling this chart, we relied on our and our affiliate's industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the condition of your facility, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only.

Note 17. Integrity 1st Car Pros does not offer direct or indirect financing to you for any items in connection with your initial investment.

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

### Shop Location and Lease

You will either own the land and building or lease the land and building from Integrity Realty or from a third party. If you lease the premises from us or our affiliate you must sign a commercial lease in a form same as or similar to the form attached as Attachment 7 to the Franchise Agreement. If you occupy the Shop according to a commercial lease from Integrity Realty, we anticipate you will execute a lease or sublease agreement with us or our affiliate on a triple net basis. If you occupy the Shop according to a commercial lease from a third-party landlord, the lease must be approved by us and include the terms that we specify. (See Lease Rider attached as Attachment 8 to the Franchise Agreement.) The criteria that we use to evaluate a retail site include general location and neighborhood, demographics, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. If you fail to comply with your obligation to identify a site that is acceptable to us, develop, and open the franchise by the Opening Date, and unless we agree to extend the deadline in writing, you will be in default and we may terminate your franchise agreement. We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Shop. This will be your responsibility.

### Purchases or Leases from Approved and Designated Suppliers

Prior to opening your Shop, certain equipment, tools, supplies, and furniture must be purchased from us or our affiliate in order to operate a new Shop. The estimated equipment cost will range between \$150,000 and \$195,000 (excluding applicable sales and use tax, and shipping/freight charges which shall be paid directly to the third parties). In addition to the equipment, tools, supplies, and furniture, you must purchase from us or our affiliate certain initial inventory for the shop and we estimate the cost of such equipment ranges from \$3,000 to \$5,000. Unless otherwise authorized by us, we or our affiliate are the only designated supplier for the initial inventory.

You must obtain access to certain proprietary system and software that you will be required to utilize in the operation of your Integrity 1st Car Pros Shop directly from us and pay us the one time set up cost of \$999 and must pay us an ongoing Proprietary Software Fee in the amount of \$599 plus any applicable data overages. Proprietary software includes our own Integrity 1<sup>st</sup> mobile and web applications, CRM, auto marketing, and SMS/email/push notifications. Fees for specific software purchase are only refundable prior to your Shop opening.

Other than proprietary software described above, you must obtain system and software used in operation of your Integrity 1<sup>st</sup> Car Pros Shop. We estimate you will directly pay third-party supplier the one time set up fee of \$5,000 and approximately \$1,750 per month for any such third-party software. Third party software includes the POS system of Tekmetric, Google Workspace, PCI Compliance services, remote virtual assistants, QuickBooks Enterprise, Customer.io, Alldata, Identifix, Audatex, Twilio, RingCentral (or other

company-wide VOIP provider that we may designate), TeamViewer, QR Code Generator, Typeform, PartsTech, AWS Servers, SuperLive security, and Adobe Creative Suite. We reserve the right to add or delete such items which may be purchased through Integrity 1<sup>st</sup> at any time with 30 days written notice provided to you; all costs are subject to change.

You must purchase from our designated supplier or approved third party suppliers certain products that maintain the integrity of the Franchised System and that meets our quality standards, including but not limited to your vehicle wraps, brochures, and business cards, and all collateral merchandise, such as T-shirts and branded clothing. You also must purchase webpage design services from an approved vendor. Without limiting the foregoing, we reserve the right to require you to use a designated service provider to provide call center, call routing, and scheduling services and we may be that designated supplier.

Except as described above, neither we nor any of our affiliates are designated or approved suppliers for any products or service. None of our officers owns an interest in any privately-held supplier, or a material interest in any publicly-held supplier. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

We reserve the right to make changes to our System and these changes may require you to adapt your business to conform to the changes and incur additional expenses. Examples of these System changes include the purchase of new equipment, fixtures, software or the use of new Marks. You must update your equipment during the 5<sup>th</sup> year of your franchise term. However, the cost of these updates will not exceed \$50,000 during any 5-year period. Equipment cannot be more than 5 years old.

If you would like to use any goods or services that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approved supplier criteria. You will pay us all costs expended in our evaluation of new suppliers you wish to purchase from or of products you wish to purchase. We will decide within a reasonable time frame, typically 30 days but no later than 60 days after receiving the required information, whether you may purchase or lease the goods or services or from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability, dependability and general reputation. We will attempt to notify you in writing whether or not such supplier is deemed approved by Integrity 1<sup>st</sup>. We will not approve a supplier unless we have notified you in writing that such supplier is approved. We will charge our actual costs to evaluate each supplier but this cost shall not exceed \$1,000.

We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier.

We do not negotiate purchaser arrangements with suppliers for the benefit of franchisees. However, from time to time, we may negotiate in our sole discretion with suppliers for the franchisees with the option but not the obligation to enter into these agreements. There are currently no purchasing or distribution cooperatives in our franchise system.

From time to time in an effort to negotiate better, uniform or group prices, we reserve the right to negotiate a contract on behalf of all of our franchisees for any product or services used in operation of your franchised business, such as QuickBooks. If we enforce such agreements, you will be required to participate and you may be instructed to pay directly to the third-party supplier or we may make the payment to the third-party supplier on your behalf in which case we will provide you with one invoice and you must pay for these products or services directly to us based on your use of the software or technology plus a reasonable administrative expense incurred by us.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional automotive repair facilities) based on whether or not you purchase through the suppliers we designate or approve. However, purchases of unapproved products or from unapproved vendors is in direct violation of the Franchise Agreement and will grant us, among other things, to terminate your Franchise Agreement.

#### Purchases According to our Specifications

If we have not identified an approved or designated supplier for a particular product or service, you may purchase the product or service from any supplier so long as the product or service meets our standards and specifications, which may include brand specifications. These items currently include furniture, fixtures, most equipment, including computer hardware and software, signage, and most chemicals. We developed our standards and specifications based on our principals' and affiliate's experience in operating a similar business, and will communicate them to you in writing.

#### Insurance

You must purchase insurance in minimum amounts as required by state law and as we specify. Currently, we specify the following types and amounts of insurance:

- “All risk” property insurance coverage for assets of the Franchised Business;
- Workers’ compensation insurance as required by state law and employer liability coverage with a minimum limit of \$500,000 per incident and \$500,000 for the policy limit;
- Comprehensive general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and an aggregate limit of \$2,000,000;
- Errors and omissions coverage in the amount of \$1,000,000; and
- Such insurance as necessary to provide coverage under the indemnity provisions in the franchise agreement.
- We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies

We also suggest you add the following policies to better insure your business:

- Garage Keeper Liability (\$300,000 direct primary minimum requirement);
- Business interruption insurance with a minimum coverage of \$100,000;
- Automobile liability insurance including owned, non-owned and hired vehicle coverage of a minimum of \$1,000,000 per location;

You may purchase insurance from any vendor and you may purchase greater coverage than the amounts listed here. The policies must be written by an insurance company licensed in the state in which you operate and having at least an “A” Rating Classification as indicated in the latest issue of A.M. Best’s Key Rating Guide. You must name Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC as an additional insured on any insurance policies that you purchase and furnish proof to us.

These are our minimum requirements. We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, and other relevant changes in circumstances. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. Your landlord and lease may require more coverage, additional or different types of coverage.

### Revenue Derived from Franchisee Purchases and Leases

We may negotiate arrangements with suppliers of certain chemicals, vehicle wraps, printing services, equipment, and collateral merchandise companies under which we receive rebates of up to 10% of the purchase price. No arrangement exists as of the date of this disclosure document.

As of our recent fiscal year ending December 31, 2023, we have not derived any revenue on account of franchisee purchases and leases.

### Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that required purchases and leases described above will range from 80% to 90% of the cost to establish the Franchised Business, and 10% to 25% of your operating costs.

### Description of Purchasing Cooperatives; Purchasing Arrangements

There are no purchasing or distribution cooperatives in existence for the franchise system. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

## **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.**

<b>Obligation</b>		<b>Section in the Franchise Agreement</b>	<b>disclosure document Item</b>
a.	Site selection and acquisition/lease	Section 1.1, 1.4, 8.5, 8.9	Items 11 and 12
b.	Pre-opening purchases/leases	Section 12.1	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 8.4, 8.5, 8.7	Items 7, 8, and 11
d.	Initial and ongoing training	Sections 9.1, 9.5	Items 6, 7, and 11
e.	Opening	Sections 8.4, 9.2, 9.5, 9.6	Item 11
f.	Fees	Article 3, Section 12.20	Items 5, 6, and 7
g.	Compliance with standards and policies/Manual	Article 5, 6 and Sections 10.1, 12.6	Items 8, 14, and 16
h.	Trademarks and proprietary information	Sections 5, 6,	Items 13 and 14
i.	Restrictions on products/services offered	Section 12.1, 12.6	Items 8 and 16
j.	Warranty and customer service requirements	Section 12.9, 12.13	Item 16
k.	Territorial development and sales quotas	Section 12.14	Item 12
l.	Ongoing product/service purchases	Section 12.1, 12.9	Items 8 and 11

Obligation		Section in the Franchise Agreement	disclosure document Item
m.	Maintenance, appearance and remodeling requirements	Section 10.3	Item 6
n.	Insurance	Article 14	Items 6, 7, and 8
o.	Advertising	Article 7	Items 6, 7, and 11
p.	Indemnification	Section 20.3	Item 6
q.	Owner's participation/management/staffing	Section 12.3, 12.4	Item 15
r.	Records and reports	Article 11	Item 11
s.	Inspections and audits	Sections 11.6, 13.2	Items 6, 11, and 13
t.	Transfer	Article 17	Items 6 and 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Article 16	Item 17
w.	Non-competition covenants	Article 16	Item 17
x.	Dispute resolution	Section 22	Item 17
y.	Unlimited Guaranty and Assumption of Obligations	Section 21.5	Item 15

**ITEM 10  
FINANCING**

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

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

**Except as listed below, Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC is not required to provide you with any assistance.**

Before you begin operating the Franchised Business, we will:

1. Integrity 1<sup>st</sup> will provide general site selection guidelines and consultation. We must approve the site you select for your Shop; however, we are not required to locate the site or negotiate your lease. If we or our affiliate own the premises of the Franchised Business or lease it from a third party and sublease it to you, we will provide you with a lease agreement in the form similar to the form attached as Attachment 7 of the Franchise Agreement.
2. Provide approval or deny lease terms of the proposed site for the Shop (Franchise Agreement, Section 8.5)

3. In selecting the site, Integrity 1<sup>st</sup> considers such factors as demographics, access, traffic, competition, visibility, and existing customer base. If Integrity 1<sup>st</sup> purchases the site and constructs the building, Integrity 1<sup>st</sup> will lease the building and land to you, however you will not have a right of first refusal, an option to purchase or any other right to acquire the land and or the building. You will have options to renew your franchise agreement subject to the conditions referred to in Item 17 and contained in the Franchise Agreement. If you finance any acquisition or operational aspect of your franchise business you will incur application fees, loan fees, closing costs and other related financing costs. (Franchise Agreement, Section 8.5.)
4. Make our initial training program available to you and your Designated Manager. (Franchise Agreement, Section 9.1)
5. Make available to you one of our representatives for the purpose of familiarizing your staff with our techniques and for providing general assistance and guidance in connection with the opening of your Integrity 1st Car Pros Franchised Business. (Franchise Agreement, Section 9.2.)
6. Provide you access to an electronic copy of the Integrity 1st Car Pros Franchise Manual. The Table of Contents of the Manual, along with number of pages devoted to each Section, is included as Exhibit E to this disclosure document (330 total pages). (Franchise Agreement, Section 6).

After you begin operating the Franchised Business, we will:

1. Be reasonably available during normal business hours to render advice, discuss problems and offer general guidance to you by telephone, email, newsletters and other methods as we deem appropriate in our sole discretion. (Franchise Agreement, Section 13.1)
2. Provide you with modifications to the Manual as they are made available to franchisees. (Franchise Agreement, Section 5.2 and 6.1.)
3. We will assist you (i) in establishing systems to price services and parts, (ii) in establishing systems to order parts; and (iii) in establishing and maintaining relationships with suppliers of the parts and services you will need for your customer base. (Franchise Agreement, Section 9.6, 12.1)
4. We will provide regular coaching during your first year in business and on a continuous basis throughout the life of your franchise in our sole discretion. (Franchise Agreement Section 9.2 and 13.1)
5. In our sole discretion hold periodic national or regional calls, meetings, or conferences to discuss business and operational issues affecting Integrity 1st Car Pros franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Franchise Agreement, Section 9.7)
6. As may be permitted by law, inspect and observe, photograph and/or videotape the operations of your Shop, sample any products, materials or supplies for testing and analysis, interview your customers and personnel, inspect and copy any books, records and documents relating to the operation of your Shop, from time to time to assist you in complying with the Franchise Agreement and System Standards. (Section 11.6)

#### Advertising and Promotion

Our advertising program for the products and services offered currently consists of electronic and print advertising in certain local and/or regional markets. Our advertising materials may be created in-house and with the help of an outside agency or we may utilize a third party outside agency for our advertising needs. We may elect to utilize various local, regional and/or national media campaigns in the future which may

include television, magazine, newspaper and Internet advertising campaigns. We are not required to spend any amount, on your behalf, on advertising in your Site Selection Area and/or your Territory and we are not required to conduct any advertising on behalf of the Franchise System or on your behalf. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below.

We will maintain control over all promotional and marketing materials to be used in your Franchised Business. All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

### Grand Opening Advertising

During the 30 days prior to your Integrity 1st Car Pros Shop opening through approximately 30 days after your Shop opens, we require you to spend a minimum of \$5,000 to \$15,000 on advertising and promotion, including online and Internet marketing and advertising, dues for business organizations, event dues or other solicitation and promotional efforts. Beginning your first month of operation, we also suggest you spend the minimum amount as specified above on Local Advertising which is in addition to your Grand Opening spend.

### Local Advertising

In addition to your Grand Opening Spend, we require that you spend \$10,000 to \$20,000 annually for marketing and advertising as approved by Integrity 1<sup>st</sup>.

Each month, you must spend at least 3% of your Gross Revenue on local advertising, promotions and public relations in the local area surrounding the Franchised Business. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we retain the right to review and approve your advertisements. Upon our notice, you must promptly cease using previously approved marketing materials. We will provide you with guidance for conducting advertising, and we will review and approve the materials you use in your advertising. The amount spend on local advertising is in addition to the brand development and grand opening amount.

### Brand Development

We reserve the right to implement a System-wide brand development fee, when we have a minimum of 5 franchisees. You must contribute to the Brand Development Fee each month in an amount we specify periodically, but not to exceed 3% of Gross Revenue (“Brand Development Fee”). As of the Issuance Date of this disclosure document no brand development fees have been collected. We do not expect to start the Brand Development Fee until there are a minimum of 5 franchises.

Once implemented, we will administer the brand development fee monies as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We may engage in local, regional, or national advertising, whether inside or outside of your Territory for the benefit of the brand and the System. We are not required to spend any particular amount on advertising in your area or Territory and we cannot promise any franchisee a prorate benefit.

(b) We may use your Brand Development Fees to meet or reimburse us for any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of

similar activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees;). Simply for convenience in administration, and not for the purpose of establishing a marketing fund, we will maintain Brand Development Fees in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the brand development fee monies. We will not use brand advertising fee contributions for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared Brand Development Fees (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Development Fees may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates.

(c) We expect to use all Brand Development Fees in the fiscal year they are made. We intend for the accounting of the brand advertising fee contributions to remain separate from our general funds for the duration of the franchise, but we have the right to terminate the separate account if necessary. We will not terminate the separate account until all Brand Development Fees have been used for advertising and promotional purposes or we have returned to you your *pro rata* share.

(d) Although not contractually required, we anticipate that all Integrity 1st Car Pros businesses owned by us or an affiliate will make similar Brand Development Fees as required of franchisees.

(e) There is no requirement that the brand development fee monies be audited. We will have an accounting of the brand advertising fee monies prepared each year and we will provide you with a copy upon your written request. We may, in our sole discretion, require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the brand development fee monies.

(f) Currently there is no Franchisee Advertising Council that provides us with guidance or suggestions regarding advertising and marketing matters.

(f) Brand development fee is not a trust or escrow, and neither we nor our affiliates have any fiduciary obligation for administering the brand development fee or for any other reason.

We also have the right to create advertising cooperatives for the benefit of all Integrity 1st Car Pros Franchises located in a particular region. We will determine the geographic territory and market areas for each cooperative advertising program. We have the right to collect and designate all or a portion of the local advertising for cooperative advertising. You must participate in any cooperative advertising program established in your region. Integrity 1st Car Pros businesses owned by us or our affiliates, if any, located within the cooperative market area are not contractually required to participate; however, if we choose to participate, we will participate on the same basis, with the same voting rights, as franchisees. Each cooperative will be required to adopt governing bylaws that meet our approval, and will be available for review. There are no limits on our right to change, dissolve or merge advertising cooperatives.

If cooperative advertising is implemented in a particular region, we have the discretion to establish an advertising council for franchisees in that region, and we may agree that the advertising council will self-administer the cooperative advertising program for that region, as well as act in an advisory capacity concerning the implementation, but not the content, of the advertising program. We will initially select the members of the advertising council, but once established the franchisees in the cooperative will select subsequent or replacement members by vote. Each franchisee is entitled to one vote per each franchise business he or she operates. There is no advertising council within the franchise System at this time.

You are permitted to market your Franchised Business through approved social media channels in accordance with our then-current social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop and cooperate with us in removing any material we find objectionable.

You will operate your Franchised Business so that it is clearly identified and advertised as “Integrity 1st Car Pros” Shop. You will use the trademark “Integrity 1st Car Pros” and the other Marks which now or hereafter may form a part of the System: on all signs, supplies, business cards, uniforms, advertising materials, technology platforms, and other articles in the identical combination and manner as we may prescribe in writing; and you will supply to us samples and photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request.

You may not establish a presence on, or market on the Internet without our consent. We maintain a website, currently at [www.integrity1auto.com](http://www.integrity1auto.com), that provides information about the System and the products and services that Franchisor and its franchisees provide. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media, blogs, and in connection with linking, marketing, co-branding and other arrangements. We reserve the right to require you participate in and pay for advertising campaigns that include pay per click fees. We retain the sole right to approve any linking to, or other use of, the Integrity 1st Car Pros Franchise website.

Currently, we charge a \$150 per month IT Support Fee to each franchisee to help support the cost of technology necessary for you to maintain your franchise, including the cost of the Integrity 1st Car Pros website and e-mail hosting, and other related services. We reserve the right to increase the IT Support Fee subject to increase based on the greater of vendor pricing or each calendar year by an amount not to exceed 10% of the prior year’s cap. The fee does not cover all of the technology needs of the business and you will be obligated to buy or license all required software necessary for the business.

#### Computer/Point-of-Sale System

You must purchase and use any hardware and software programs we designate. Presently, we require you to purchase a computer using the latest operating system (whether Windows or Apple) that contains a minimum of 8GB of RAM with a 500GB hard drive, an all-in-one printer/scanner/copier and a minimum of two Apple iPads or similar tablet with accompanying hardstyle case.

You will be required to purchase and use the following in your Franchised Business: an accounting program as we may designate but currently QuickBooks Enterprise, the point-of-sale system we designate which is currently Tekmerchant or Chase Paymentech (dependent upon where your shop is located), our Shop Management System which is currently Tekmetric, Google Workspace, and ADP for Payroll. You may also be required to utilize the following systems in your Shop: remote virtual assistants, Customer.io, Alldata, Indentifix, Audatex, Twilio, RingCentral (or other company-wide VOIP provider), TeamViewer, QR Code Generator, Typeform, PartsTech, AWS Servers, Superlive security, and Adobe Creative Suite. In addition to the above 3<sup>rd</sup> party software, you will also be required to utilize the following proprietary software: Integrity 1<sup>st</sup> mobile and web applications, CRM, auto marketing and SMS/email/push notifications. There is a one-time setup fee for the proprietary software of \$999; the approximate upfront setup cost of the hardware and software is \$5,000 and the approximate on-going cost ranges from \$1,750 to \$2,500 monthly plus data overages. We reserve the right to require you to use a business management software providing customer relationship management, scheduling, inventory, and data management services. There are monthly software and license fees charged directly to you by QuickBooks. We may add or delete items which must be purchased through Integrity 1<sup>st</sup> at any time, with 30 days’ notice to you; costs are subject to change.

We do not require you to enter into any ongoing maintenance or support agreements for the maintenance of a computer or the various software programs, but you may find it advantageous to do so. The costs of

entering into maintenance, update, upgrading or support contracts will range from \$200 to \$350 per year. You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer and point-of-sale systems. There are no limits on our rights to do so, except as disclosed in Item 16. We have the right to independently access and use all information you collect or compile at any time without first notifying you and there are no contractual limitations on our right to do so. All data, both business and financial, created by you in the operation of the Franchised Business belongs to us.

#### Approved Information Systems

We may designate the information system used in your Franchised Business, including the computer hardware, software other equipment and enhancements (the “Information System”). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us. We will require that with each reporting cycle, that you also back up your data and provide us evidence of same.

#### Call Center Program and Client Experience Program

We reserve the right to require you to participate in our call center and client experience program pursuant to which you will receive certain call center services, including call routing and scheduling services for a payment of corresponding fees. We may, in our sole discretion, waive your participation in the program if your conversion and abandonment rates equal or exceed the current call center provider’s metrics, for a minimum of 90 days. As used herein, “conversion rate” means the total number of customer appointments set, compared to total number of customer calls made. Also, as used herein, “abandonment rate” means the total number of customer calls not answered (including, but not limited to, no answers, voicemails, etc.), compared to total number of customer calls made. We may pay a portion of the fees to a third party, such as the call service provider, and we may in the future have a third party collect all or only a portion of the fees.

#### Managed Portal

We reserve the right to set up and operate an internal portal for use by our franchisees and for which there may be a charge to you which is passed through from the service provider of our choosing. Manage Portal is all in one platform and dashboard for analysis, auditing, marketing, support, and such related items designated by us from time to time. We retain the right to expand, customize, add or remove any offered services from the platform.

#### Site Selection

When you sign the franchise agreement, we will agree on a “Site Selection Area” within which you may locate the Shop.

You must acquire a Shop site meeting our site selection criteria within 90 days after you sign the franchise agreement. For each proposed site that you identify, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will permit or refuse to permit development at the proposed site within 30 days of receiving

all requested information about the site. The criteria that we use to evaluate the site include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Shop. This will be your responsibility. We will not unreasonably withhold our approval; however, if we cannot agree on a location for the Shop, we may at our sole discretion allow more time for site selection or terminate the Franchise Agreement. If your Franchise Agreement is terminated you are not entitled to any refund of your initial franchise fee or other deposits paid to us.

If you lease the premises from us, you must sign a commercial lease in a form same as or similar to the form attached as Attachment 7 to the Franchise Agreement. If you occupy the Shop according to a commercial lease from a third-party landlord, the lease must be approved by us and include the terms that we specify. (See Lease Rider attached as Attachment 8 to the Franchise Agreement.) The criteria that we use to evaluate a retail site include general location and neighborhood, demographics, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. If you fail to comply with your obligation to identify a site that is acceptable to us, develop, and open the franchise by the Opening Date, and unless we agree to extend the deadline in writing, you will be in default and we may terminate your franchise agreement. We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Shop. This will be your responsibility.

#### Typical Length of Time Before Opening

We estimate that the average length of time between the signing of the Franchise Agreement and the opening of the franchise is 18 to 24 months. The factors that affect this time include negotiating acceptable purchase terms for the land, resolving site specific title issues, financing delays, building permits, zoning and local ordinances, weather conditions, material shortages, construction delays and delays in the installation of fixtures, equipment and signs. This time period may be closer to six to eight months in the event there is an available location that is about to commence construction or that has already started construction. You must open your Franchised Business and be operational no more than 24 months after signing the Franchise Agreement unless agreed upon by us. Failure to timely open the Franchised Business may lead to termination of your Franchised Business.

#### Training

You will receive our initial training program that covers material aspects of the operation of the Franchised Business. Prior to opening or taking over operations of your franchise business, the Designated Manager of the franchise must have attended and successfully completed our management training courses to our satisfaction. We solely control the content, operation, and manner of conducting the training, which may vary at times.

The topics covered are listed in the chart below. This training is offered at our training location in Plano, Texas or another location as we may designate. You and your designated manager must satisfactorily complete the initial training approximately three to four weeks before the opening of the Franchised Business.

We expect that your attendees will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. We do not charge tuition for initial training for your first two attendees. You must pay for all travel, transportation, food, and lodging costs for yourself and any of your attendees. If you replace your Designated Representative/Manager, or bring new principals into your franchise, your new Designated Representative/Manager and principals must attend our training program. We have the right to charge fees for this additional training not to exceed \$2,000 per attendee.

You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you. Your Franchised Business must at all times

be under the day-to-day supervision of a Designated Manager who has satisfactorily completed our training program. After a replacement of the Designated Manager, he or she has 60 days to complete initial training.

If you do not reasonably believe that we have performed all of our preopening obligations to you under the Franchise Agreement, you will provide us with a list of the alleged deficiencies specifically describing the obligations that you believe we have not performed.

The following is a summary of the current Training Program:

**INITIAL TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training*</b>	<b>Hours of On-The-Job Training*</b>	<b>Location</b>
Introduction to the Brand, Mission and MOAT	1	0	Plano, Texas or other location as we designate
Recruitment and Human Resources Management	3	0	Plano, Texas or other location as we designate
Operational Infrastructure and Roles	1.5	0	Plano, Texas or other location as we designate
Effective Shop Leadership	2	0	Plano, Texas or other location as we designate
Technician and Service Advisor Onboarding	2	0	Plano, Texas or other location as we designate
Shop Management Software and Systems	3	10	Plano, Texas or other location as we designate
Marketing, Community Outreach and Reputation Management	3	10	Plano, Texas or other location as we designate
Parts, vendors and Inventory Management	3	5	Plano, Texas or other location as we designate
Safety and Security Measures	1	5	Plano, Texas or other location as we designate
Service Offerings Breakdown	1	0	Plano, Texas or other location as we designate
Shop Image and Maintenance	1	5	Plano, Texas or other location as we designate
Business Analysis and KPI Management	3	0	Plano, Texas or other location as we designate
Phone Call Training and Customer Service Experience	3	20	Plano, Texas or other location as we designate
Loss Prevention and Risk Management	2	0	Plano, Texas or other location as we designate
Legal and Liability Training	2	0	Plano, Texas or other location as we designate
<b>TOTAL</b>	<b>31.5</b>	<b>55</b>	

\*These times and topics are estimates only.

You and your Designated Manager must complete initial training to our satisfaction, including the passing of tests throughout initial training.

Our initial training program will be conducted by an individual with a minimum of one year's experience with Integrity 1st Car Pros and overseen by Kevin Syed and Ron Ramy. Mr. Syed has been with us since our inception and who has approximately 18 years' experience in the automotive industry. Ron Ramy has been with us for less than a year, and he has 15 years' experience in the automotive industry.

The training will include the Integrity 1<sup>st</sup> Car Pros Franchise Manual. The dates and location of the training will be communicated to you by e-mail or telephone.

Certain segments of the training may vary from the chart shown above based on schedule changes due to business requirements and other factors. We will attempt to give you advance notice when this occurs.

Periodically, you, your managers, or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than one of these programs in any calendar year, and these programs will not exceed three days during any calendar year.

#### Onsite Training Cancellation Fees

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify us in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

### **ITEM 12 TERRITORY**

You will receive an exclusive marketing area (your "Territory"). You will not receive an exclusive service territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

When you sign the Franchise Agreement, we will mutually agree on a "Site Selection Area" within which you may locate your Shop. Once the land or commercial space for the Shop has been identified, we will mutually agree on a defined Territory inside which you will concentrate your marketing efforts. We estimate the approximate size of a Territory will be similar to the area that is in a circle with an approximate 3-mile radius around the location with the front door of the Shop serving as the center point. In densely populated urban areas, the size of the Territory may be less than 1-mile around the location with the front door of the Shop serving as the center point; your exact Territory will be identified in the Key Terms page as identified in Attachment 1 of the franchise agreement. During the franchise term, you will concentrate all of your marketing efforts inside your Territory.

You may only market within your Territory and are strictly prohibited from soliciting customers within

another franchisee's territory. You must sell all products and services through your Integrity 1<sup>st</sup> Franchised Business; however, you are prohibited from selling any products or services through alternative channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing sales.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you, to engage in the following activities ("Reserved Rights"):

(a) operate and grant to others the right to develop and operate Integrity 1st Car Pros Shops and Franchised Businesses using the System and Marks at any locations outside your Territory as we deem appropriate and irrespective of the proximity to your Territory;

(b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Marks) within your Territory;

(c) use the Marks and System to distribute the approved products and services offered and sold by the Franchised Business or products and services similar to the approved products and services offered and sold by the Franchised Business in alternative channels of distribution that are not retail based and offered exclusively on-line, through the world wide web, or through private cloud based / digital networks distributed within or outside your Territory;

(d) use the Marks and System and to license others to use the Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement;

(e) advertise and promote the System in the Territory;

(f) operate, and license others to operate any system that is different than the one operated by you at any location whether inside or outside of the Territory.

(g) We reserve the right to sell products within and outside your Territory through alternative distribution channels and you will not receive compensation for such sales. We reserve the right to establish company owned Integrity 1<sup>st</sup> locations using the Marks and business system an any location outside of your territory, in our sole discretion. Neither we, nor an affiliate, operates, franchises, or has plans to operate or franchise a business under a different trademark that will sell similar goods or services to those that you will offer, but we reserve the right to do so in the future.

You may not relocate your Franchised Business without the prior written consent from us. Any approved relocation must be within our approved location as well as amust be at your sole expense, in accordance with site selection and build out requirements. We retain the right to deny the re-location request at our sole discretion. If you lose the right to possess the Shop and if we don't agree on substitute site within 90 days after such event, we have the sole right to terminate the franchise agreement. The Franchised Business must be open for business at the new location within six months of closing at the previous location if due to Innocent Loss or Casualty and if the relocation occurred for any other reason, the Franchised Business must be open for business at the new location within five days of closing at the previous location.

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

There are no minimum performance criteria during your first six months of operations. Beginning with the 7<sup>th</sup> month of operation, you must achieve average Gross Revenue per month of at least \$80,000 to \$100,000 while also maintaining a profit margin of 20%. Beginning month 12, average Gross Revenue minimums shall increase to \$25,000 while continuing to maintain a minimum profit margin of 20%. At all times, you

shall maintain a profit margin on parts of 52%. If you fail to maintain the minimum performance criteria, we have the right, in our sole decision to terminate your franchise agreement, reduce your Territory, require increased marketing unless you take action to develop with us a workout plan (also known as a corrective action plan) and follow the requirements of the workout plan. Except for achieving minimum performance criteria, your rights to the Territory granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, nor any other contingency and cannot be altered.

We also reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in the Territory. If we establish a National Account in your Territory you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if we determine in our sole discretion that you are not capable of servicing the National Account, or if the volume of services exceed demand at the time, we may authorize other Integrity 1st Car Pros franchisees or other qualified third-parties to provides the services. We reserve the right to assign such services to another franchisee, one of our affiliates, or service the National Account ourselves either inside or outside your Territory.

### ITEM 13 TRADEMARKS

Our affiliate, Integrity IP, has registered the following principal trademarks on the Principal Register of the U.S. Patent and Trademark Office. All affidavits have been filed.

Mark	Registration Number	Registration Date	International Class
INTEGRITY 1ST CAR PROS	6806955	August 2, 2022	037

Integrity IP does not yet have a federal registration for the following trademark. Therefore, the following trademark does not have as many legal benefits and rights as a federally registered trademark. If Integrity IP's right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Serial Number	Filing Date	International Class
	98078039	July 10, 2023	037

Integrity IP has granted us a license to use the Marks and to sublicense their use to our franchisees. The license agreement may be terminated if we are insolvent, if a trustee is appointed to administer our business, if we wind-up or sell our business or if we breach any of our duties or obligations under the license agreement.

Currently, we know of no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the non-exclusive right to use them in the operation of your Franchised Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will defend you in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. You do not have to spend an amount unreasonably disproportionate to your initial investment during the initial term of the Franchise Agreement to conform your Franchised Business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words “Integrity 1st Car Pros” or any variation of “Integrity 1st Car Pros” without our prior written consent.

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

We do not own any patents that are material to the franchise. We do not have any pending patent applications that are material to the franchise. We own copyrights in the Manual, our website, our marketing materials, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating an Integrity 1st Car Pros Franchised Business. We will provide our trade secrets and other confidential information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business and for no other purpose. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

We may require certain individuals associated with your Franchised Business, including your owners, officers, directors, partners, and your executives, may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement as Attachment 2. Additionally, we may require certain individuals associated with your Franchised Business including your employees, managers, spouse, vendors, or any other third party you may provide access to our confidential information to sign a nondisclosure agreement attached to the Franchise Agreement as Attachment 2-A. We will be a third-party beneficiary with the independent right to enforce the agreements.

The Manual and other copyrighted materials we make available to you contain confidential and proprietary information and are our trade secrets. We possess and will continue to develop and acquire confidential and proprietary information, and trade secrets. The confidential information consists of the following categories of information, methods, techniques, procedures and knowledge we, our Affiliates, or our Franchisees develop (collectively, the “Confidential Information”) including: (a) our methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (b) our marketing and promotional programs for Franchise Businesses; (c) knowledge of specifications for and knowledge of our suppliers of certain materials, equipment, furniture and fixtures for a Franchise Business; and (d) knowledge of our customer lists, operating results and financial performance.

We will disclose to you the Confidential Information required for the operation of the Franchise Business during Initial Training, in the Manual, and in the guidance and assistance that we furnish you, and you may learn of additional Confidential Information. You may disclose the Confidential Information to your employees or other persons only to the extent reasonably necessary and provided the person has signed our form of Confidentiality Agreement contained in the Manual before disclosure. You are solely responsible for protecting and disclosing any Confidential Information on need to know basis. You must ensure there are processes implemented in operation of your Franchised Business to protect our Confidential Information. At all times, we are the third-party beneficiaries to all agreements related to non-disclosure of such information. You agree, during and after the Initial Term, that you, your Franchise owners, employees and independent contractors will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the convenience store concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term; not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form or electronic form; and

(iv) adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information. You agree that any suggestions you make that we incorporate into the Business System are our exclusive property.

All ideas, concepts, techniques, or materials concerning the Franchised Business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Nothing contained in the Franchise Agreement prohibits you from using the Confidential Information in the operation of your Franchise Business under the terms of your Franchise Agreement.

Your use of the Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

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

You are not our employee. You are your own boss running your own business subject to our rights under the Franchise Agreement. The Franchised Business is not a “passive” investment. You agree and will use your best efforts to promote and increase the sales and recognition of the services offered through the Franchised Business. You must attend and satisfactorily complete our initial training program before you open the Franchised Business. The Franchised Business must always be under the direct, full-time, day-to-day supervision of you or your Designated Manager (if not you). In the event you appoint a Designated Manager, he or she must also be an owner of the franchisee with no less than 5% equity interest. You and your Designated Manager are liable and responsible for the operation of your Franchised Business in accordance with the terms of the Franchise Agreement and the Operations Manual.

If you appoint a Designated Manager, before assuming the role, he or she must attend and satisfactorily complete our initial training program and you must keep us informed at all times of the identity of your Designated Manager. If you must replace the Designated Manager, your replacement Designated Manager has 60 days to attend and satisfactorily complete our initial training program.

We may require certain individuals associated with your Franchised Business, including your owners, officers, directors, partners, and your executives, may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement as Attachment 2. Additionally, we may require certain individuals associated with your Franchised Business including your employees, managers, spouse, vendors, or any other third party you may provide access to our confidential information to sign a nondisclosure agreement attached to the Franchise Agreement as Attachment 2-A. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity and that person’s spouse must personally guarantee the performance of all of franchisee’s obligations under the Franchise Agreement and agree to be personally liable for franchisee’s breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement (See Attachment 3), which includes covenants not to compete.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the Franchise System. However, if you hire another franchisee’s employees within one year of the employee attending our training program,

you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

You are solely responsible for the daily operations and management of your Franchised Business so that it complies with all the requirements of the Franchise Agreement and of the Manual. You are not permitted to engage in any other businesses passive or otherwise that interfere with your obligations and management of the Franchised Business described in this disclosure document.

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

You must offer the services and products we specify. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove. We may take action, including terminating your franchise, if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so, except that your investment required to change required or authorized products or services will not be unreasonably disproportionate to your initial investment. Further, you cannot provide products or services for which you have not been trained or certificated, as we may require, or which you have not purchased the required equipment.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

We generally allow franchisees to set local market rates, but we reserve the right to establish minimum or maximum pricing for advertising and promotional events, and for all regional or national clients.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this disclosure document.**

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	Section 2.1	The initial term is 10 years.
b. Renewal or extension of the term	Section 2.2	You have the right to renew for two additional, consecutive 5-year term.
c. Requirements for franchisee to renew or extend	Section 2.2	In order to renew you must: (a) have substantially complied with all material provisions of the Franchise Agreement; (b) have updated and refurbished your Franchised Business, service vehicle and equipment; (c) have satisfied all monetary

Provision	Section in Franchise or Other Agreement	Summary
		<p>obligations owed to us or our affiliates; (d) not be in default of any provision of the Franchise Agreement or any other agreement between you and us; (e) have given written notice of not less than 6 months but not more than 12 months prior to the end of the term of your intent to renew; (f) sign our then-current Franchise Agreement, which may have materially different terms and conditions (including higher royalty fees and higher brand development fees; (g) comply with our current qualifications, (h) comply with any updated training requirements; and (i) you or principals must also sign a general release.</p>
d. Termination by Franchisee	Section 15.3	<p>You can, with our prior written consent, terminate by i) signing a mutual termination and complying with the terms therein; ii) selling your franchise; or iii) if you are in full compliance with all of the terms of this Agreement and we materially breach this Agreement and fail to commence reasonable efforts to cure such breach within 30 days after receiving written notice.</p>
e. Termination by franchisor without cause	No provision	<p>We may not terminate the Franchise Agreement without cause.</p>
f. Termination by franchisor with cause	Section 15.2	<p>We may terminate the Franchise Agreement only if you default.</p>
g. “Cause” defined – curable defaults	Section 15.2.2	<p>We can terminate the Franchise Agreement, after allowing you a five-day cure period, if (a) you cease to engage in any exclusive activity reserved for us, or (b) you fail to pay monies due to us, our affiliates or approved suppliers.</p> <p>We can terminate the Franchise Agreement, after allowing you a ten-day cure period, if (a) you fail to comply with any applicable law or regulation, or (b) you</p>

Provision	Section in Franchise or Other Agreement	Summary
		<p>fail to procure or maintain mandatory insurance coverage.</p> <p>We can terminate the Franchise Agreement, after allowing you a 30-day cure period, if you materially breach any other provision of the Franchise Agreement and you fail to cure the breach.</p>
<p>h. “Cause” defined – non-curable defaults</p>	<p>Section 15.1, 15.2.1 and 15.2.2</p>	<p>The Franchise Agreement will terminate automatically without notice upon the occurrence of certain bankruptcy or insolvency-related events.</p> <p>The Franchise Agreement will terminate automatically without notice if (a) you fail to timely establish, equip and commence operations of the Franchised Business, (b) your Designated Manager fails to satisfactorily complete training, (c) you fail to maintain all required licenses, permits, and certifications for a period exceeding five business days from expiration, (d) you make any material misrepresentation or omission in your application for the franchise, (e) you are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect the reputation of either party, (f) after notice to cure you fail to refrain from activities, behavior, or conduct likely to adversely affect you, us, or the franchise, (g) you disclose, duplicate, or use in an unauthorized manner any portion of the Manual, trade secrets or any other confidential information, (h) you fail to have persons we designate to sign a nondisclosure and/or noncompetition agreement, (i) you abandon or fail to actively operate the Franchised Business for five or more consecutive days without our prior approval, (j) you surrender or transfer control of or interest in the Franchised Business in any manner without our prior consent, (k) you fail to comply with the obligations upon death or</p>

Provision	Section in Franchise or Other Agreement	Summary
		<p>incapacity of you or any holder of interest in you, (l) you submit two or more reports that understate monies owed to us by 3% or more, (m) any misuse or unauthorized use of the Marks, (n) you fail on two or more separate occasions within any 12 consecutive rolling period to report and pay monies due us, our affiliates or approved suppliers, (o) you violate on two or more occasions any health or safety law, ordinance or regulation, or operate the Franchised Business in any manner that presents a health or safety hazard to customers, employees, or the public, (p) you fail to comply with the Franchise Agreement three or more times in a 12 month period whether or not those infractions were corrected, (q) you default under any other agreement between you and us or our affiliates for which that agreement is terminated.</p>

Provision	Section in Franchise or Other Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 16.1	<p>(a) Stop operating the Franchised Business; (b) stop using any trade secrets, confidential information, the System and the Marks; (c) cancel or assign to us any assumed names; (d) pay all sums owed to us or our affiliate including damages and costs incurred in enforcing the Franchise Agreement; (e) pay our costs and expenses incurred subsequent to termination or expiration in obtaining injunctive or other relief for the enforcement of any provision to this Agreement; (f) return the Manual, trade secrets and all other confidential information including records, files, instructions, brochures, agreements, referral contact list, disclosure statements, and all other materials that we provided to you; (g) assign your email addresses, any websites, and telephone numbers to us; (h) comply with the covenants not to compete and any other provisions of the Franchise Agreement that by their nature survive termination; and (i) return all copies of the Customer List, including past/present/prospective customers.</p> <p>If the Franchise Agreement terminates because you have closed or abandoned the Franchised Business, you must pay us liquidated damages calculated as the average monthly Gross Revenue or approximately \$12,500 multiplied by 24 months.</p>
j. Assignment of contract by franchisor	Section 17.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 17.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or the Franchised Business's assets.
l. Franchisor's approval of transfer by franchisee	Section 17.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 17.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form that we prescribe; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign our then-current Franchise Agreement, which may contain materially different terms for the existing Territory; you provide us with a copy of all contracts, agreements and other related paperwork related to the transfer; you or the transferee pay the Transfer Fee; if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its designated manager will complete the initial training program before assuming management of the Franchised Business.
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Section 17.2 and Article 18	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's Franchised Business	Section 17.2 and Section 18.2	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for fair market value.

Provision	Section in Franchise or Other Agreement	Summary
p. Death or disability of franchisee	Section 17.2, 17.6, and 18	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Sections 6.4	You, your owners, your officers, directors, executives, are prohibited from: attempting to divert any business or customer of the Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, are prohibited from: owning or working for a competitive business within the Territory, within 25 miles from the perimeter of the Territory, or within the territory of any other Integrity 1st Car Pros Franchise business; or soliciting or influencing any of our customers, or business associates to compete with us or terminate their relationship with us. (Subject to state law)
s. Modification of the agreement	Sections 5.2, 10.2, and Article 17	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights.

Provision	Section in Franchise or Other Agreement	Summary
t. Integration/merger clause	Article 20	<p>Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.</p> <p>Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits and amendments.</p>
u. Dispute resolution by arbitration or mediation	Article 22	<p>Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, and if mediation is unsuccessful, submitted to arbitration, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or confidential information. There is no requirement to mediate after termination of the Franchise Agreement.</p>
v. Choice of forum	Section 22.7	<p>Mediation at the AAA office in the city in which we maintain our principal business address, currently Plano, Texas (subject to applicable state law).</p> <p>Venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Collin County, State of Texas (subject to applicable state law).</p>
w. Choice of law	Section 22.1	<p>Texas law applies (subject to applicable state law).</p>

**ITEM 18  
PUBLIC FIGURES**

We do not presently use any public figures to promote our franchise.

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2022 and as of December 31, 2023 there were total 9 affiliate owned Integrity 1<sup>st</sup> Car Pro Shop in operation (“**Corporate Units**”). As explained in more detail below, this historical financial performance representation includes certain performance information of these Corporate Units operating for the period of January 1, 2022 through December 31, 2022 and January 1, 2023 through December 31, 2023 (each a “Measurement Period”).

The results presented in this Item 19 are not audited and are based on information reported to us by our affiliates that own these Corporate Units. We have not independently audited the reported results.

	2022 Fiscal Year Gross Revenue <sup>1</sup>	2022 Fiscal Year COGS <sup>2</sup>	2022 Fiscal Year Gross Profit <sup>3</sup>	2023 Fiscal Gross Revenue <sup>1</sup>	2023 Fiscal Year COGS <sup>2</sup>	2023 Fiscal Year Gross Profit <sup>3</sup>
<b>Average</b>	\$1,029,963.36	\$440,149.14	\$589,814.22	\$1,297,605.98	\$635,997.06	\$661,608.91
<b>Shops Above Average</b>	4	4	4	3	3	3
<b>Median</b>	\$1,056,607.06	\$452,549.73	\$601,512.49	\$1,142,175.30	\$587,854.58	\$554,320.72
<b>High</b>	\$1,350,287.04	\$594,438.74	\$897,304.50	\$1,993,034.03	\$936,631.53	\$1,056,402.50
<b>Low</b>	\$709,558.73	\$367,146.61	\$342,412.12	\$664,541.67	\$416,682.49	\$447,859.18

Notes:

**Note 1:** “Gross Revenue” means all collected revenues from the sale barter, or trade of any and all goods, services, products, equipment, repairs, materials, or construction derived from the Franchised Business. Gross Revenue does not include sales tax or use tax. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues.

Note 2: “COGS” is defined as cost of goods and services which encompasses employee healthcare, meals and entertainment, parts purchased, technician salaries, towing, and third-party ride share expenses.

Note 3: “Gross Profit” is defined as Gross Revenue minus COGS. Gross Profit does not include other expenses you might incur such as rent, insurance costs, software expenses, salaries for Designated Manager and other management personnel, and other expenses.

Note 4: 2 of 9 units were excluded from the above dataset as they were not open and operating for the full 12 months.

You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement.

Other than as disclosed in Note 2 above, this financial performance representation does not reflect any costs of sales, operating expenses, and other costs or expenses that you will incur in operating your franchised business, including the royalty fees and advertising expenditures that you must pay under the terms of the Franchise Agreement. Additionally, this financial performance representation does not include debt service that you may incur, nor does it include any information about federal, state, or local taxes you will be required to pay.

Neither we nor our certified public accountants have audited the numbers reported to us by our franchisees, but we have no reasonable basis to question their reliability.

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

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do 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 Kevin Syed, 3330 Independence Pkwy, #300, Plano, TX 75023, 972-807-7138, 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 TO 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	5	7	+2
	2022	7	7	0
	2023	7	9	+2
Total Outlets	2021	5	7	+2
	2022	7	7	0
	2023	7	9	+2

**Table No. 2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN FRANCHISOR)  
FOR YEARS 2021 TO 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Texas	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

**Table No. 3**

**STATUS OF FRANCHISE OUTLETS  
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table No. 4**

**STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2021	5	2	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	2	0	0	0	9
Total	2021	5	2	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7

**Table No. 5**

**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	0	1	1
TOTALS	0	1	1

**List of Current Franchisees.** Exhibit I provides a list of our current franchisees as of December 31, 2023.

**List of Former Franchisees.** Exhibit I also provides a list of franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of December 31, 2023, or who had not communicated with us within 10

weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit F contains our unaudited financials which are comprised of the balance sheet as of July 31, 2024, and the related statements of income and cash flows for the year then ended.

Our fiscal year ends December 31. We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item

## **ITEM 22 CONTRACTS**

Exhibit C – Franchise Agreement

Attachment 1 – Key Terms

Attachment 2 – Nondisclosure and Non-Competition Agreement

Attachment 3 – Unlimited Guaranty and Assumption of Obligations

Attachment 4 – Holders of Legal or Beneficial Interest in Franchisee; Governing Persons

Attachment 5 – Electronic Funds Transfer Authorization

Attachment 6 – Telephone Number and Website URL Assignment Agreement

Attachment 7 – Commercial Lease

Attachment 8 – Lease Rider

Exhibit D – Transaction Fee Agreement

Exhibit H – General Release (Sample Form)

## **ITEM 23 RECEIPTS**

The last two pages of this disclosure document, Exhibit K, are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>STATE</b>	<b>STATE ADMINISTRATOR</b>
<b>CALIFORNIA</b>	Dept. of Financial Protection and Innovation 320 W. 4 <sup>th</sup> St., Ste. 750 Los Angeles, CA 90013 213.576.7505 866.275.2677	<b>NEW YORK</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 212-416-8222
<b>HAWAII</b>	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant St. Honolulu, HA 96813 808.586.2722	<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Blvd. Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701.328.4712
<b>ILLINOIS</b>	Franchise Bureau Office of the Attorney General 500 S. Second St. Springfield, IL 62706 217.782.4465	<b>RHODE ISLAND</b>	Securities Division Dept. of Business Regulation 1511 Pontiac Ave. John O. Pastore Complex – Building 69-1 Cranston, RI 02920 401.462.9585
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 W. Washington St., Room E-111 Indianapolis, IN 46204 317.232.6681	<b>SOUTH DAKOTA</b>	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.4823
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 410.576.6360	<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main St, 9 <sup>th</sup> Floor Richmond, VA 23219 804.371.9051
<b>MICHIGAN</b>	Michigan Dept. of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, MI 48909 517.373.1837	<b>WASHINGTON</b>	Dept. of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360.902.8760

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
<b>MINNESOTA</b>	Minnesota Dept. of Commerce 85 7 <sup>th</sup> Place East, Ste 280 St. Paul, MN 55101-2198 651.539.1600	<b>WISCONSIN</b>	Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington St, 4 <sup>th</sup> Floor Madison, WI 53703 608.266.3364

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**  
**LIST OF STATE AGENTS FOR SERVICE OF PROCESS**

<p><b>CALIFORNIA</b>  Commissioner of Department of Financial Protection and Innovation  320 W. 4th Street, Suite 750  Los Angeles, California 90013  (866) 275-2677</p> <p><b>HAWAII:</b>  Commissioner of Securities  Hawaii Dept. of Commerce &amp; Consumer Affairs  Business Registration Division  Securities Compliance Branch  335 Merchant Street, Suite 203  Honolulu, HI 96813  (808) 586-2722</p> <p><b>ILLINOIS:</b>  Office of the Attorney General  500 South Second Street  Springfield, Illinois 62706  (217) 782-4462</p> <p><b>INDIANA:</b>  Indiana Secretary of State  201 State House  200 West Washington Street  Indianapolis, IN 46204  (317) 232-6531</p> <p><b>MARYLAND:</b>  Securities Commissioner  200 St. Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360</p> <p><b>MICHIGAN:</b>  Corporations, Securities and Land Development Bureau  Michigan Department of consumer and Industry Services  6546 Mercantile Way  P.O. Box 30222  Lansing, MI 48909  (517) 241-6470</p>	<p><b>NORTH DAKOTA</b>  Securities Commissioner  600 East Boulevard Avenue State Capitol  Fifth Floor Dept 414,  Bismarck ND 58505-0510  (701) 328-4712</p> <p><b>RHODE ISLAND</b>  Securities Division  Department of Business Regulations  1511 Pontiac Avenue  John O. Pastore Complex-Building 69-1  Cranston, Rhode Island 02920  (401) 462-9527</p> <p><b>SOUTH DAKOTA</b>  Division of Insurance  Securities Regulation  124 S. Euclid, Suite 104  Pierre, South Dakota 57501  (701) 328-2910</p> <p><b>TEXAS:</b>  Khurram “Kevin” Shahzad Syed  3330 Independence Pkwy #300  Plano, Texas 75023</p> <p><b>VIRGINIA</b>  Clerk, State Corporation Commission  Tyler Building, 1<sup>st</sup> Floor  1300 Eat Main Street  Richmond, Virginia 23219  (804) 371-9733</p> <p><b>WASHINGTON</b>  Department of Financial Institutions  Securities Division  150 Israel Road, S.W.  Tumwater, Washington 98501  (360) 903-8760</p> <p><b>WISCONSIN</b>  Administrator, Division of Securities  Department of Financial Institutions  4822 Madison Yards Way  Madison, Wisconsin 53705  (608) 261-7577</p>
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**MINNESOTA**

Minnesota Department of Commerce, 85 7th Place  
East, Suite 280,  
Saint Paul, MN 55101,  
(651) 539-1600

**NEW YORK**

New York Secretary of State  
99 Washington Avenue, 6th Floor  
Albany, New York 12231  
(518) 474-0050

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**INTEGRITY 1ST CAR PROS FRANCHISE HOLDINGS LLC  
FRANCHISE AGREEMENT**



**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE HOLDINGS LLC**  
**FRANCHISE AGREEMENT**

**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE AGREEMENT**

**SUMMARY PAGE<sup>1</sup>**

**EFFECTIVE DATE:** \_\_\_\_\_

**EXPIRATION DATE:** 10th anniversary of the Effective Date.

**FRANCHISEE(S):** \_\_\_\_\_

**TYPE OF BUSINESS ENTITY:** \_\_\_\_\_

**FRANCHISEE'S AUTHORIZED BUSINESS TRADE NAME:** Integrity 1st Car Pros Franchise of \_\_\_\_\_

**PRINCIPAL'S HOME ADDRESS:** \_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**E-MAIL ADDRESS:** \_\_\_\_\_

**INITIAL FRANCHISE FEE:** \$75,000.

**GRAND OPENING:** \$5,000 minimum.

**MONTHLY ROYALTY FEE:** Refer to Section 3.2.

**BRAND DEVELOPMENT FEE:** Up to 3% of Gross Revenue.

**LOCAL MARKETING:** 3% of Gross Revenue.

<sup>1</sup> This Summary Page does not encompass all the fees that are required under the franchise agreement.

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**ATTACHMENTS:**

- Attachment 1 Key Terms
- Attachment 2 Nondisclosure and Non-Competition Agreement
- Attachment 3 Unlimited Guaranty and Assumption of Obligations
- Attachment 4 Holders of Legal or Beneficial Interest in Franchisee; Governing Persons
- Attachment 5 Electronic Funds Transfer Authorization
- Attachment 6 Telephone Number and Website URL Assignment Agreement
- Attachment 7 Commercial Lease
- Attachment 8 Lease Rider
- Attachment 9 State Specific Addendum

**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE HOLDINGS LLC  
FRANCHISE AGREEMENT**

This Franchise Agreement entered into on the Effective Date by and between Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC, a Texas limited liability company, having its principal place of business at 3330 Independence Pkwy #300, Plano, Texas 75023 (“**Franchisor**” or “**we**”), and the Franchisee identified in the Summary Page (“**Franchisee**”, “**you**” or “**your**”).

**WITNESSETH:**

WHEREAS, Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the service mark “Integrity 1st Car Pros” and relating to the establishment and operation of a business providing on-going vehicle maintenance, servicing and automotive repair services, referred to as “Integrity 1st Car Pros Businesses”, “Franchised Business”, or “Shop” and

WHEREAS, in addition to the service mark “Integrity 1<sup>st</sup> Car Pros” and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies and techniques; and Trade Secrets and other Confidential Information; and the confidential operations manual (“Manual”); and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate an Integrity 1st Car Pros Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate an Integrity 1st Car Pros Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

**1. GRANT OF FRANCHISE; APPROVED LOCATION**

**1.1. Grant**

1.1.1 Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants Franchisee a limited and non-exclusive license to operate one Integrity 1st Car Pros Franchised Businesses, and Franchisee accepts the obligation, to: (a) establish and operate the Franchised Business under the System in the Territory at the Franchise Business Office; and (b) use the Marks and System only in connection with the Franchised Business. Franchisee’s authorized and non-exclusive Territory (“Territory”) is as described in Attachment 1 (“Key Terms”) to this Agreement. If not yet identified as of the Effective Date, Franchisee’s Territory shall not exceed three-mile radius surrounding the Franchised Business Office as specified in Attachment 1 of the Agreement.

1.1.2. The street address (or detailed description of the premises) of the location for the Franchised Business Office is described, or if not yet identified as of the Effective Date, will be described on Attachment 1 (“Key Terms”).

1.1.3. The service tools and equipment for the Franchised Business shall be stored at the place described on Attachment 1 at the Franchised Business Office (“Key Terms”).

**1.2 Reservation**

Except as limited below and provided that Franchisee is in full compliance with the Franchise Agreement, Franchisor will not operate or grant a franchise for the operation of another Franchise at a site within the Territory during the term of the Franchise Agreement. Except as expressly limited by the previous sentence, Franchisor and its affiliates may engage in any activity whatsoever on any terms and

conditions Franchisor deems advisable whenever and wherever it or they desire. Franchisor and its affiliated retain all rights whatsoever not expressly granted herein, including, but not limited to:

1.2.1. the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions Franchisor deems appropriate;

1.2.2. the right to provide, offer and sell and to grant others the right to provide, offer and sell goods or services that are identical or similar to and/or competitive with those provided by the Franchise Business, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including Internet or similar electronic media) both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate;

1.2.3. the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions Franchisor deems appropriate;

1.2.4. the right to operate, and to and to grant to others the right to operate a Franchise located anywhere outside the territory under any terms and conditions Franchisor deems appropriate and regardless of their proximity to the Franchise Business Office or their actual or threatened impact on sales at the Franchise Business Officer;

1.2.5. the right, directly or through an authorized third party (including, another franchisee), to advertise, solicit and enter into National Accounts in any area, including in the Territory. Franchisee agrees to service such National Accounts in the Territory as Franchisor may identify from time to time, upon the terms applicable thereto (including, without limitation, the provision of certain insurance and other products and services, the offer of services at prices not to exceed the maximum prices stated and the payment by the Franchisee of any applicable sales commissions or other similar fees or payments); (b) Further, in the event (i) Franchisee refuses or, in the sole judgement of Franchisor, is not qualified, interested or available to perform services or otherwise cannot or does not perform services for any customer located within the Territory, including a National Account, (ii) Franchisee requests assistance in the performance of services, or (iii) a customer, orally or in writing, specifically requests services within the Territory from a different franchisee or any other third party, Franchisor has the right to authorize another franchisee (or designate or authorize Franchisor's Affiliates, a corporate employee of Franchisor, or any other third party) to perform services for or sell products to said customers inside or outside the Territory; (c) In addition to all other rights of Franchisor and except as expressly limited by the first sentence of Section 2.1.2 herein, Franchisor retains the right to provide, offer and sell and to authorize others the right to provide, offer and sell, goods and services that are identical or similar to and/or competitive with those provided by the Franchise Business, whether identified by the Marks or other trademarks or service marks, through similar or dissimilar channels of distribution both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate (including, without limitation, the right, in its sole discretion, to designate or authorize a corporate employee, another franchisee or any other third party to perform or assist Franchisee in performing services, including Core Services, within the Territory); provided, however, Franchisor shall exercise its rights under this Section 2.1.2.5 only in accord with provisions stated in the Manuals. Except as provided for in Section 10.5 Franchisee agrees that it shall not be entitled to any compensation for sales or services performed inside the Territory by someone other than Franchisee;

1.2.6. the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at the Franchised Business, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

1.2.7. the right to be acquired (in whole or in part and regardless of the form of transaction), by a business providing products and services similar to those provided at the Franchised Business, or by another

business, even if such business operates, franchised and/or licenses a Competitive Business(es) in the Territory.

1.2.8. Unless otherwise expressly provided for in this Agreement, you may not solicit orders from customers outside your territory, but you may accept orders from customers outside your territory.

### **1.3. Sub-franchising/Agents**

Franchisee shall not sublicense or attempt to sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 5, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

### **1.4. Territorial Restriction**

Franchisee may not advertise or solicit customers, perform services or sell products related to the Franchised Business outside the Territory without Franchisor's prior written consent, which consent may be given, conditioned or withdrawn in Franchisor's sole discretion at any time.

## **2. TERM AND RENEWAL**

### **2.1 Initial Term**

The initial term of this Agreement shall commence upon the Effective Date and shall expire at midnight on the day preceding the tenth (10th) anniversary date of the Effective Date (the "Term" or the "Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

### **2.2 Renewal Terms/Successor Franchise**

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into our then-current form of franchise agreement which may contain materially different terms with Franchisor. Franchisee's right to a successor franchise is limited to two additional consecutive terms of five (5) years. Your failure to exercise the first renewal right, will serve as a waiver of all other renewal rights. To qualify for a successor franchise, each of the following pre-conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

2.2.1. Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

2.2.2. Franchisee has updated and refurbished the Franchised Business Office, service vehicle(s), and equipment, to reflect Franchisor's then-current standards and specifications applicable to new franchisees;

2.2.3. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

2.2.4. Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

2.2.5. Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than six months nor more than twelve months prior to the end of the term of this Agreement, and paid the "Renewal Fee," which is 50% of the then-current initial franchise fee charged under the then-current franchise agreement which may contain materially different terms;

2.2.6. Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, or Brand Development Fee; provided, however, that Franchisee shall not be required to pay the then-current Initial

Franchise Fee;

2.2.7. Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any updated training requirements; and

2.2.8. Franchisee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

### **3. FEES**

#### **3.1. Initial Franchise Fee**

3.1.1. Upon execution of this Agreement, Franchisee shall pay a fee ("Initial Franchise Fee") to Franchisor in the amount stated on the Summary Page.

3.1.2. The First Installment in the amount stated on the Summary Page is due upon the signing of the Franchise Agreement and the second installment is due upon confirmation of the Site Selected; however, if the site selection involves purchase of land by the Franchisor, the full Initial Franchise Fee shall be due at the time of signing the Franchise Agreement.

3.1.3. The Initial Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable unless otherwise noted in this Agreement.

3.1.4. If we mutually agree to acquire the land for the Franchised Business and if this Agreement terminates prior to signing the documents for the purchase of the Land, for the Franchised Business, the Franchisor will refund Franchisee the Initial Franchise Fee paid by the Franchisee minus 10% in consideration of the cost incurred by processing the Franchisee's application, site selection, preparation of documents to enter into the franchise relationship, and other administration expenses associated with the finding and acquisition of the land. In any event, such refund shall not exceed \$21,375. For any reason if this Agreement terminates after the acquisition of the Land or Franchisor has submitted site plans to the governing city authority or the Franchisor has performed any due diligence in connection with the acquisition of the Land, the full Initial Franchise Fee shall be non-refundable and any unpaid amount shall be due and payable to the Franchisor. For avoidance of any doubt the refund as specified in this Section 3.1.4 is only applicable if we mutually agree that the Franchisor will acquire the land for the Franchised Business and lease it to the Franchisee.

#### **3.2. Royalty Fee**

During the first twelve months, following the following the Opening Date, on the 15<sup>th</sup> day of each month (unless this day is a weekend or holiday, then on the business day before), Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a fee ("Royalty Fee") in the amount of Split Profit as stated on Attachment 1, Key Terms page of this Agreement. Beginning month 13 through the following 48 months from the Opening Date of the Franchised Business, the Franchisee shall be entitled to participate in additional profit sharing in the amount of 5% if certain performance conditions are met (as defined below) and beginning month 48 through the Term the protentional Shared Profit in the amount of 70% to the Franchisee and 30% to the Franchisor provided the Franchisee complies with following minimum standards including but not limited to: (a) compliance with standard operating procedures defined as those listed in the Manual which may be updated from time to time at the Franchisor's sole discretion, (b) meet minimum revenue targets defined as your Shop must earn \$800,000 in revenues in the first 24 months and a minimum of 20% revenue growth for each subsequent year, (c) meet minimum net-income margin targets defined as your Shop must achieve a 20% margin in your first 12 months, 22% for months 13-24, 25% for month 25-36 and 30% for month 37 through the remainder of your term, (d) minimum margin targets on parts defined as your Shop must earn 55% margin on parts, exclusive of batteries and tires, (e) reputation targets defined as earning 100 online reviews per year from platforms such as Google, Yelp, RepairPal, etc. Coupled with the online review, your Shop rating cannot go below 4.8/5.0 on all online platforms, (f) meet all Shop safety standards (g) meet all Shop image and cleanliness standards and (h) comply with all terms and provisions

the Agreement and is not in default of this Agreement or any Agreement with the Franchisor or its affiliate. If the Franchisee is in full compliance with the minimum standards stated above, during the remainder of all terms of the franchise, including all extension and renewal periods, the potential split will be 70% to the Franchisee and 30% to the Franchisor; however, failure to maintain minimum standard will revert the revenue split to 50%. In order to qualify for the increasing split, the Franchisee shall meet the system standards as specified herein and in the Operational Manual, and the Franchisor reserve the right to modify those standards with prior written notice to the Franchisee. Franchisee expressly acknowledges and agrees under no circumstances the Shared Profit split and the Royalty Fee paid to the Franchisor is less than 30% Shared Profit. Estimated payments will be due monthly and a final reconciliation will be calculated at each year end in order reconcile actual profits from projected profits. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer, such reports shall instead be submitted to Franchisor via e-mail or intranet system or as specified by Franchisor from time to time. Franchisee shall not pay any distribution or bonus to the Franchisee or its principal for its own benefit without prior written approval of the Franchisor. Upon any such payment from the Franchisee shall be subject to appropriate distribution to the Franchisor based on the Shared Profit the Franchisor is entitled to. This payment is due on the last day of each succeeding month, and is based on the "Shared Profits" estimated for the preceding month. Estimated payments will be due monthly and a final reconciliation will be calculated at each year end in order reconcile actual profits from projected profits. "Shared Profits" shall mean all monies, revenues and items of value from all sources generated in connection with and/or in any way related to the Franchised Business minus the Approved Expense Items. "Approved Expense Items" shall mean (i) those expense items calculated under Generally Accepted Accounting Principles (GAAP) and approved by us as set forth in the Manual, (ii) all subsequent written budget adjustments that are approved in writing by us, and (iii) all adjustments defined in the Manual. Amendments to the Manual that impact the Approved Expense Items will be effective upon the later of (i) receipt by you, or (ii) the effective date that is designated in writing from us.

### **3.3. Taxes**

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

### **3.4. Electronic Transfer**

Franchisor requires all Royalty Fees, Brand Development Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Authorization or as Franchisor may specify from time to time (refer to Attachment 5). Franchisee shall open and maintain a single bank account for all its Franchised Business, and none other without Franchisor's written consent, and shall provide Franchisor with continuous access via electronic transfer to such account for the purpose of receiving any payments due to Franchisor. Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent. Franchisor may change the method of payment by providing 30 days' notice to Franchisee.

### **3.5. Late Fees / Interest Charges**

All Royalty Fees, Brand Development Fees, and any other amounts not received by Franchisor on or within 5 days following the due date, will be subject a \$100 per report or per payment late fee, plus 10% per month or maximum allowed by the law (if less) interest charges from the date payment is due until payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due amounts, including reasonable attorney fees.

### **3.6. Application of Payments**

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Brand Development Fees, purchases from Franchisor, or any other amount owed to Franchisor in any proportion or priority.

### **3.7. Proprietary Software Fee**

Franchisee shall pay one time set up fee in the amount of \$999 plus a monthly fee in the amount of \$599 for certain proprietary software provided by the Franchisor such as CRM, automated marketing, SMS/push notifications/ email notifications, and our Integrity 1st mobile app. The Proprietary Software Fee is subject to increase based on the greater of (a) vendor pricing or (b) an amount not to exceed 10% of the prior calendar year's cap. Proprietary Software Fee shall be paid within 10 days of demand or as we may designate from time to time.

### **3.8. Dishonored Checks or ACH Drafts**

To cover Franchisor's additional expenses for handing dishonored checks and/or ACH drafts, Franchisee agrees to pay Franchisor a \$250 fee for each dishonored check and/or ACH draft tendered to Franchisor by Franchisee.

### **3.9. Independent Obligations: Application of payment**

Franchisee's obligations to pay mandatory fees and other monetary obligations under this Agreement are absolute and independent of any other provisions of the Agreement. Franchisee shall not, on any grounds, including any alleged non-performance by Franchisor of any of its obligations hereunder, withhold, offset or escrow any amounts due to accordance with this Agreement for which Franchisor will have the absolute right to terminate this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due shall be construed as an acknowledgement of payment in full or an accord and satisfaction and Franchisor may accept cash such check or payment without prejudice to its rights to recover the balance due or pursue any other remedy provided herein or by law. Franchisor has the right to apply any payments to past due indebtedness. Franchisor is not required to accept payments after same are due, extend credit or otherwise finance Franchisee's operations. Failure to pay all amounts when due may result in suspension of access to Franchisor's support and services until such failure is cured or constitutes good cause for termination of this Agreement. Franchisor may sell, assign or discount any note or monetary obligation arising from this Agreement to a third party.

### **3.10. Personal Obligation**

Franchisee acknowledges that the mandatory fees and any other monetary obligations owed to Franchisor under this Agreement are personal obligations of Franchisee and that Franchisee is required to personally participate in the operation of the Franchised Business unless Franchisor otherwise consents in writing. If Franchisee is a corporation or other legal entity, Franchisee must designate an Operating Principal in accordance with Section 4.1 herein and Franchisee's principal shareholders, members or partners must personally guarantee Franchisee's performance to Franchisor. If two (2) or more persons are the Franchisee or guarantors, their obligation and liability to Franchisor shall be joint and several.

### **3.11. Transfer Fee**

For any Franchisee transfer subject to Article 17 below, Franchisor may charge a "Transfer Fee" in the amount totaling \$30,000. Franchisee must submit a written application to Franchisor to begin the transfer of ownership application process. At the time of Franchisee's application, Franchisee must pay a \$2,500 application fee; this cost covers all administrative fees required to review your written request. The application fee is uniform for all applicants, non-refundable and fully earned upon receipt. Upon approval of the transfer application, the remaining \$27,500 Transfer Fee is due within 3 days of approval.

### **3.12. Transaction Fee**

If Franchisee authorizes Franchisor to find a buyer to purchase your existing Franchised Business, Franchisor will charge Franchisee the greater of 7% of the gross value of the business transaction or

\$50,000. This fee is in addition to applicable Transfer Fees as defined in Section 3.11 of this Agreement. Upon authorization, Franchisee will sign the then-current Transaction Fee Agreement and Franchisor a non-refundable deposit equal to \$10,000 or 1% of the listed price of the Franchised Business. The remaining balance is due upon closing. This Transaction Fee is in addition to our then-current transfer fees. The deposit covers costs associated with financial due diligence, marketing and lead generation among other items.

### **3.13. Other Fees**

Franchisee shall pay such other fees, including fees for special, refresher or other training, fees for use of websites, Internet or similar items and any other fees as may be required by Franchisor in this Agreement at rates set by Franchisor

### **3.14. IT Support Fee**

Franchisee shall pay our then-current IT Support Fee by the last day of each month, or if the last day falls on a weekend or holiday, the previous business day. This fee may include web hosting, software/hardware technical support, email accounts and other various services. IT Support Fee will be debited automatically from your bank account by ACH or other means as designated by us. The current IT Support Fee charged may be documented in the Manual or other written communication from Franchisor. Upon Franchisor's notice, the IT Support Fee is subject to increase by the greater of an increase based on vendor pricing or an amount not to exceed 10% of the prior year's IT Support Fee. The IT Support Fee may be up to \$500 per month, which is subject to adjustment in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year or in an amount equal to any increase passed on by the applicable third-party vendors.

### **3.15. Managed Portal Fee**

We retain the right to charge a reasonable fee for managing portals for your Franchised Business ("Managed Portal Fee"). The Managed Portal Fee, when implemented, shall be paid monthly on the 5<sup>th</sup> day of the month or such time and manner as designated by us. The Managed Portal Fees will vary, but it is the Franchisor's actual cost charged by the applicable service provider passed through to Franchisee. Franchisor hereby retains the right to expand, customize, add or remove any offered services from the platform.

## **4. TRADEMARKS**

### **4.01. Ownership**

Franchisor represent with respect to the Marks that:

4.1.1. Licensor is the owner of the Marks and has licensed the Marks to Franchisor so that Franchisor may sublicense them to its franchisees.

4.1.2. Franchisor represents that applications for registration of certain of the Marks have been filed with the appropriate authorities. Franchisee acknowledges that Franchisor has not made any representations or warranty to the effect that the Marks which have not been registered shall be registered or are able to be register therein, and the failure to obtain registrations of any of the Marks shall not be deemed to be a breach of the terms of this Agreement by Franchisor. Moreover, Franchisee shall cooperate with Franchisor and its representatives, at Franchisor's expense, in the prosecution of any applications or registration of any Marks which have been filed with the appropriate authorities. Franchisor undertakes to keep Franchisee informed of the progress in obtaining registration of all the trademarks, and any delay or inability to register any Mark shall not constitute a breach of this Agreement.

4.1.3. Franchisee is permitted and required to use the Marks to conduct the business granted pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee, its Principals Affiliates is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure solely to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in

the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

4.1.4. Franchisor and Licensor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Marks.

## **4.2. Limitations on Use**

4.2.1. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business.

4.2.2. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated Integrity 1st Car Pros Franchise” of Franchisee.

## **4.3. Notification of Infringements and Claims**

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.

## **4.4. Indemnification for Use of Marks**

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee’s authorized use of any Mark, provided that Franchisee has complied with the provisions of this Section 4.4 and has complied with this Agreement and Franchisor’s directions in responding to such proceeding. At Franchisor’s option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee’s use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee’s use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee’s use of the Marks.

## **4.5. Discontinuance of Use**

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor’s directions within 10 business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for Franchisee’s expenses in the promotion of a modified or

substitute trademark or service mark, or any loss of goodwill associated with any modified or discontinued Mark.

#### **4.6. Right to Inspect**

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business and operating in compliance with our system and standards, Franchisor reserves the right to inspect the Franchised Business Office and Storage and to visit and inspect any jobsite. This will be done through reasonable terms and will not permit franchisor to enter other portions of Franchisee's shop unless granted permission by Franchisee.

#### **4.7. Business and Customer Data.**

In this Section "Customer Data" means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Business has serviced, wherever stored, including data regarding customers of businesses converted as a Franchised Business, and any other information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media account, billing and payment history, customer service requests, and any other Information as defined in applicable law, and "Business Data" means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Business other than Customer Data. Franchisee acknowledges and agrees that:

We have the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisees to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: (i) verify sales, (ii) monitor progress of its franchisee, including compliance with Minimum Performance Requirements; (iii) prepare a financial performance representation for Franchisor's Franchise disclosure document; and (iv) share vendor and supplier pricing data with its affiliates.

Franchisor owns and has the right to access all Customer Data, in whatever form existing, and wherever stores. Because we own the Customer Data, including Personal information, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating Franchisee, both during and after this Agreement, including for the performance of services the Franchisor or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever we request, and without request upon termination or expiration of this Agreement, Franchisee are required to promptly deliver to Franchisor all Customer Data in your possession or control, without retaining any of Customer Data in any media. Franchisee may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may not transfer the Customer Data to the new owner. Franchisee agrees to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section.

#### **4.8. Franchisor's Sole Right to Domain Name**

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site, social media account, or website using a domain name or uniform resource locator containing, the Marks or the words "Integrity 1st Car Pros Franchise" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of a right, title and interest in and to such domain names as Franchisor shall designate in the Manual.

### **5. CONFIDENTIAL OPERATIONS MANUAL**

#### **5.1 Loan by Franchisor**

While this Agreement is in effect, Franchisor shall provide to Franchisee one copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one or more separate manuals, notices, and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

## **5.2. Revisions**

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor shall make such additions or modifications available to you on the same basis that they are made available to other franchisees. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

## **5.3. Confidentiality**

The Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Franchised Business Office in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Manual in a secure manner at the Franchised Business Office; if the Manual is in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner or in connection with any purpose other than operation of Franchised Business.

## **6. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION**

### **6.1. Confidentiality of Trade Secrets and Other Confidential Information**

Franchisee acknowledges that Franchisor will disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information or Franchisor's goodwill, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not, directly or indirectly, use the Trade Secrets or other Confidential Information in any other business or capacity or for the benefit of any other party; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section 7.1 as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

### **6.2. Additional Developments**

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

### **6.3. Exclusive Relationship**

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Integrity 1st Car Pros franchisees if owners of the Integrity 1st Car Pros Franchise Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

6.3.1. Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

6.3.2. Own an interest in, invest in, manage, operate, or perform services, or be employed by or for any Competitive Business wherever located.

### **6.4. Nondisclosure and Non-Competition Agreements with Certain Individuals**

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee, any officer, director, or executive, of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2, upon execution of this Agreement or prior to each such person’s affiliation with Franchisee. Additionally, Franchisor may require certain individuals associated with your Franchised Business including Franchisee’s employees, managers, spouse, immediate family members, vendors, or any other third party Franchisee may disclose the Confidential Information to as a result of their relationship with the Franchisee to sign a nondisclosure agreement attached to the Franchise Agreement as Attachment 2-A. Franchisor shall be a third-party beneficiary with the independent right to enforce any agreements. Upon Franchisor’s request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section 6.4. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

### **6.5. Reasonableness of Restrictions**

Franchisee acknowledges that the restrictive covenants contained in this Section 6 are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System the

Marks, Franchisor's goodwill, and Franchisor's franchise system; and Franchisee expressly waives any right to challenge these restrictions as being overly broad, unreasonable, overly burdensome or otherwise unenforceable. Franchisee affirms that it has other means of earning a living from its employment experience prior to becoming a franchisee.

## **7. ADVERTISING AND PROMOTIONAL ACTIVITIES**

### **7.1 Local Advertising**

7.1.1 Franchisee shall continuously promote the Franchised Business and the goodwill of the Marks. Every month, Franchisee must spend a minimum of three percent (3%) of Gross Revenue on advertising, promotions and public relations within the immediate locality surrounding the Franchised Business ("Local Advertising"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor will provide general guidelines to Franchisee for conducting Local Advertising. Within 30 days after the end of each year, Franchisee must furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding year. Franchisor may require franchisee to contribute the difference in the amount to the Brand Development Fee if the Franchisee fails to spend the minimum Local Advertising requirement.

7.1.2. Franchisee must submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor will use reasonable efforts to provide notice of approval or disapproval within 20 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such 20-day period, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor.

7.1.3. Franchisee is expressly prohibited from marketing outside of the Territory. If Franchisor determines that Franchisee has marketed outside of its Territory and within another Integrity 1<sup>st</sup> Car Pro franchisee's Territory or Franchisor's affiliate owned Shop's territory, Franchisor shall impose liquidated damages up to \$5,000, depending on the severity and longevity of such infringement of Franchisee. If imposed, Franchisee shall pay 75% of the liquidated damages to the franchisee whose territory in which Franchisee has inappropriately marketed and the remaining 25% of such liquidated damages to Franchisor to compensate for its costs of enforcement. If Franchisee infringes on Franchisor's affiliate owned Shop's territory, then Franchisee shall pay the entire liquidated damages amount to Franchisor. Payment of such liquidated damages under this provision is due upon invoice from Franchisor.

### **7.2. Brand Development, Advertising, and Marketing Fee**

Franchisor has established and administers a System-wide brand development, advertising, and marketing fee to facilitate regional and national advertising and marketing efforts. Franchisee shall contribute monthly to the Brand Development Fee an amount specified by Franchisor from time to time ("Brand Development Fee") in the Manual, but not to exceed 3% of Gross Revenue for the applicable period. Brand Development Fees shall be made monthly on the 5<sup>th</sup> day of the month and in the manner provided for Royalty Fees in Section 3. Franchisor shall notify Franchisee at least 30 days before changing Brand Development Fee requirements. The Brand Development Fee monies shall be maintained and administered by Franchisor or its designee as follows:

7.2.1. Franchisor shall oversee all marketing programs, with sole control discretion over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or pro rata from expenditures of the Brand Development Fee monies. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

7.2.2. Franchisee's Brand Development Fees may be used to meet the costs of, or to reimburse Franchisor for its costs of, any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting

television, radio, Internet, intranet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet and/or intranet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). Brand Development Fees will not be used to defray Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Brand Development Fee monies. Brand Development Fees will not be used for creating or placing any advertisement that is principally a solicitation for new franchisees, but Franchisor may include in all advertising prepared using Brand Development Fee monies (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Development Fee monies may be used to create and maintain one or more pages on Franchisor's web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

7.2.3. Although Franchisor intends the Brand Development Fee to be of perpetual duration, Franchisor has the right to terminate and/or reinstitute the Brand Development Fee at any time, and shall not be required to provide an audit or accounting of the Brand Development Fee expenditures to anyone for any purpose.

7.2.4. Franchisee acknowledges that neither Franchisor nor its affiliates have any fiduciary obligation for administering the Brand Development Fee monies and the account in which Brand Development Fee monies are held is not a trust or escrow.

### **7.3. Cooperative Advertising**

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of groups of Integrity 1st Car Pros Franchise Businesses located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. When implemented, Franchisor retains the right to collect up to 2% of Gross Revenue for the Advertising Cooperative fee and is in addition to Franchisee's Local Advertising expenditure. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council, to include franchisees included in the Cooperative, to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures, and Franchisee shall abide by the council's decisions. Integrity 1st Car Pros businesses owned by us or our affiliates, if any, located within the cooperative market area are not contractually required to participate; however, if we choose to participate, we will participate on the same basis, with the same voting rights, as franchisees. Each cooperative will be required to adopt governing bylaws that meet our approval, and will be available for review. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

### **7.4. Internet Advertising Program**

Franchisee may not establish a presence on, or market using, the Internet or social media in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website, presently at the uniform resource locator [www.integrity1auto.com](http://www.integrity1auto.com), that provides information about the System and the products and services that Franchisor and its franchisees provide. We have an Internet Advertising Program which we use to design a webpage for your Franchised Business, link it to the Integrity 1st Car Pros Franchise website, and promote your webpage on the Internet. We reserve the right to modify or discontinue this program. You agree to pay us IT Support Fee as specified in Section 3.15 of the Agreement, to help support the cost of the website, e-mail set up, and e-mail hosting.

Franchisee may market its Franchised Business through approved social media channels in accordance with Franchisor's social media policy. Franchisor may require that Franchisee utilize Franchisor's designated supplier for social media marketing services. Franchisee may not otherwise establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website, presently at the uniform resource locator [www.integrity1auto.com](http://www.integrity1auto.com), that provides information about the System and the products and services that Franchisor and its franchisees provide. We have an Internet Advertising Program which we use to design a webpage for your Franchised Business, link it to the Integrity 1st Car Pros website, and promote your webpage on the Internet. Franchisee acknowledges that Franchisor has the right to market regionally and nationally inside or outside of Franchisee's territory for the benefit of the brand and the System. We reserve the right to modify or discontinue this program. During the term of this Agreement, you agree to pay us the then-current IT Support Fee to help support the cost of the website, e-mail set up, e-mail hosting, and for use of our business management and accounting software. The IT Support Fee is due at 5:00 PM CST on the 5th day of each month (unless this day is a weekend or holiday, then on the next business day).

#### **7.5. Internet Directory, Local Publications and Social Media Advertising**

If we so require, Franchisee must list the telephone number(s) and other business information for the Franchised Business in an Internet directory, social media account, or local publications in its trade area. We may require the franchisee to place the listing(s) together with other Integrity 1st Car Pros Franchise Businesses. If a joint listing is obtained, all Integrity 1st Car Pros Franchise Businesses listed together shall pay a pro rata share of the cost of the listings. These expenditures are part of Franchisee's Local Advertising obligations.

#### **7.6. Public Relations and Association with Causes**

Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without the Franchisor's prior written approval. Franchisee shall not in the name of the Franchised Business or the Integrity 1st Car Pros System (a) donate money, products, or services to any charitable, political, religious, or other organization, or (b) act in support of any such organization, without the Franchisor's prior written approval.

#### **7.7. Grand Opening**

During the 30 days prior to the Franchisee's Integrity 1st Car Pros Shop opening through approximately 30 days after your Shop opens for business, Franchisor requires you to spend a minimum amount as specified on the Key Terms page of this Agreement on advertising and promotion, including online and Internet marketing and advertising, dues for business organizations, event dues or other solicitation and promotional efforts. All marketing plans and advertising materials used must be approved by the Franchisor in writing prior to Franchisee's use. Franchisee shall comply with all System Standards and Specifications identified by the Franchisor in its marketing campaign. Grand Opening spend obligation on the Franchisee is in addition to other advertising obligations set forth in this Agreement.

### **8. FRANCHISED BUSINESS OFFICE**

#### **8.1 General**

Franchisee will keep the Shop open to the public on the days and hours throughout the year during the specified Term of this franchise agreement. From time to time, and will at all times, operate the Shop diligently so as to maximize revenues and profits.

#### **8.2. Storage Space**

If there is insufficient storage space on-site at the location of the Franchised Business Office to store the Franchised Business' service tools and equipment, then Franchisee may be permitted to store the same off-site within a leased storage unit, provided that Franchisee informs Franchisor in writing of the

location of the storage unit. The storage unit may not display any signage reflecting the Marks.

### **8.3. Failure to Open Franchised Business**

When a site is identified, the parties will mutually agree on an opening date (“Opening Date”), which shall be no later than 24 months after the Effective Date if the land is to be developed into the Franchised Business as defined in Attachment 1 Key Terms of this Agreement. If Franchisee fails to meet its obligations and open the Franchised Business by the Opening Date the Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall retain the entire Initial Franchise Fee paid by Franchisee. The Initial Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee’s failure to timely commence operations of the Franchised Business and shall not be construed as, nor considered to be, a penalty.

### **8.4. Opening**

Prior to the Opening Date, but before commencing business operations, Franchisee must:

8.4.1. Fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 8;

8.4.2. Furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

8.4.3. Complete initial training to the satisfaction of Franchisor;

8.4.4. Hire and train the personnel necessary or required for the operation of the Franchised Business;

8.4.5. Possess all required professional licenses and certifications as required;

8.4.6. Obtain all necessary permits and licenses, including any zoning permits needed to operate the Franchised Business;

8.4.7. Confirm that each share certificate (or other certificate reflecting an ownership interest) shall have conspicuously endorsed on it a statement, in a form satisfactory to Franchisor, that the certificate is held subject to the transfer restrictions contained in the Franchise Agreement;

8.4.8. Pay in full all amounts due and owing to Franchisor.

8.4.9. Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business by the Opening Date. Time is of the essence. Franchisee shall not commence operations, however, until Franchisor has delivered written permission; Franchisor shall not unreasonably withhold permission to begin operations. Permission to open shall be based on Franchisor’s determination that Franchisee is ready to open and satisfactorily prepared to operate the Franchised Business.

### **8.5 Site Selection**

Franchisee shall identify the site for the Franchised Business within Site Selection Area as specified in Attachment 1 of this Agreement.

For each proposed site that Franchisee identifies, the Franchisee shall deliver to Franchisor a franchise site application in a form that Franchisor prescribes, including information about the site as Franchisor deem reasonably request to perform our evaluation in Franchisor’s sole discretion. Franchisor will permit or refuse to permit development at the proposed site within 30 days of receiving all requested information about the site. If the Franchisor does not provide written approval of the proposed site within prescribed time, the request is deemed denied. Franchisor acknowledges and agrees that the Franchisor is not obligated to assist Franchisee in conforming the premises of the retail site to local ordinances and building codes and

obtaining any required permits to operate the Shop. This shall be Franchisee's sole responsibility. If the Parties do not mutually agree on the retail site for the Franchised Business, the Franchisor at its sole discretion may allow more time for site selection or terminate this Agreement. If this Agreement is terminated, the Franchisee shall not be entitled to any refund of the initial franchise fee or other deposits paid to the Franchisor. Franchisee shall locate the Franchised Business within the Site Selection Area. If the Franchisee leases the Premises from the Franchisor, the Franchisee shall execute a commercial lease in a form same as or similar to the form attached as Attachment 7 of this Agreement. Actual terms for the commercial lease agreement between the Franchisor and the Franchisee may vary. Franchisee hereby acknowledges and agrees that Franchisee is solely responsible for full compliance and payment under the signed lease regardless if the landlord is the Franchisor, its affiliate entity, or a third party. Any default of the Franchisee under the signed lease with the Franchisor or its affiliate shall be a material default of this Agreement and an independent ground for termination of this Agreement. Further Franchisee hereby acknowledges and agrees that regardless of the reason if the Franchisee loses its right to occupy the leased premises for the Franchised Business, this shall be a material default of this Agreement and the Franchisor shall have the right to terminate and all other rights available pursuant to this Agreement, at law or in equity. If the premises for the Franchised Business is occupied according to a commercial lease from a third-party landlord, the lease must be approved by the Franchisor and the terms that Franchisor may specify in their sole discretion pursuant to the Lease Rider attached as Attachment 8 of this Agreement. Franchisee acknowledges and agrees that failure to identify the site for Franchised Business within Site Selection Area, executing Franchisor approved commercial lease, or opening the Franchised Business by the Opening Date shall result in termination of this Agreement at Franchisor's sole discretion. Franchisee shall be solely responsible for conforming the premises of the retail site to local ordinances and building codes and obtaining any required permits to operate the Shop.

#### **8.6. Relocation**

Franchisee shall not relocate the Franchised Business Office or storage facility without the prior written consent of Franchisor. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 8.1 through 8.6. If Franchisee loses the right to possess the Franchised Business Office and the parties do not agree upon a substitute site within 90 days after such event, this Agreement shall terminate as provided in Section 15.2.1.1.

#### **8.7 Design and Build-out.**

Franchisee shall follow Franchisor's procedures for Shop construction and build-out and shall construct the shop according to Franchisor's standards and specifications for design, décor, layout, and shall equip the Shop according to Franchisor's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. Franchisee is solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Shop and for complying with applicable requirements of the Americans with Disabilities Amendments Act. During construction, Franchisee must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. Franchisee shall notify Franchisor in writing when construction begins, and thereafter shall provide a monthly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times. Franchisor reserves the right to require Franchisee to install cameras and provide access to these cameras for the sole purpose of following the progress of the construction of the shop. Franchisee may purchase and install their own cameras provided that access is granted to the live stream/feed. In addition to the installation of the cameras, Franchisor may request at their sole discretion additional information regarding the status of the construction, approvals, and permits required for Franchisee to open and operate the Shop.

#### **8.8 Land**

If the Franchisor in its sole discretion endeavor and Franchisee agrees Franchisor's may purchase the Land upon which the Shop shall be located, however weather to purchase the specific land shall be at the sole discretion of the Franchisor without the need for prior approval from the Franchisee. Franchisee expressly acknowledges and agrees that the Franchisor may not be able to acquire the specific land agreed by the parties for various reasons. We will notify you in writing if, for any reason at Franchisor's sole discretion, is unable to purchase the Land. If we are unable to purchase the land, the Franchisor shall provide you the following options: 1) choose an alternate location that we will attempt to acquire the land or 2) we will refund the Initial Franchise Fee minus 10% in consideration of expenses incurred by us including lost opportunities to enter into a Franchise Agreement with other candidates. Land is defined as the area to be purchased for the construction of the building and other improvements that will be used to operate your Integrity 1st Car Pros Shop. In the event this Agreement is terminated prior to signing the documents for the purchase of the Land, Integrity 1<sup>st</sup> will refund to you the initial franchise fee minus 10% in consideration of the cost incurred by processing your application, site selection, preparation of documents to enter into the franchise relationship, and other administration expenses associated with the finding and acquisition of the land. In any event, such refund shall not exceed \$21,375.

For any reason if the Agreement terminates after the acquisition of the Land or we have submitted site plans to the governing city authority or we have performed our due diligence in connection with the acquisition of the Land, no amount of the Initial Franchise Fee shall be non-refundable.

We may in our sole discretion terminate your franchise agreement if: 1) you do not qualify for the required financing, 2) if we mutually agree to terminate this Agreement, 3) if we do not mutually agree on the location for your Integrity 1st Car Pros Shop; or 4) if you are unable to complete any of the required obligations required to owning and operating an Integrity 1<sup>st</sup> franchise.

## **8.9 Commercial Lease**

8.9.1 Third Party Lease. If you will occupy the Franchised Location under a lease with a third-party landlord, Franchisor has the right to approve the lease terms and the lease shall not be signed until it has been reviewed and approved by Franchisor. The parties acknowledge and agree that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable, only that the lease contains the lease terms that Franchisor requires. The lease also must contain the terms reflected in Attachment 8, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement. The Lease Rider includes important provisions that protect Franchisor interests. If the landlord refuses to sign the Lease Rider in the form attached to this Agreement, Franchisor may reject the proposed location. You shall provide to Franchisor a fully executed copy of the lease within 10 days after its execution. Compliance with the terms of your lease and ongoing dealings with the landlord is solely your obligation and responsibility.

8.9.2. Lease with US or our Affiliates. We or our affiliate may form an entity that will lease or sublease the premises for your Franchised Shop (each a "Integrity Realty"). If Integrity Realty own the premises or lease it from a third party, we will lease the Franchised Shop's premises to you on a so-called "triple-net" basis. Under a triple-net lease, the tenant (in addition to paying the fixed and percentage rent) pays all real estate taxes and assessments and any common area charges and is obligated to perform all maintenance, repairs and replacements of the premises (non-structural, structural, interior, exterior), to provide all required insurance and to pay all other costs associated with the use, occupancy, leasing and ownership of the premises. You agree to fully comply with the terms of the lease in a form same as or similar to the Commercial Lease Agreement that is attached as Attachment 7 to this Agreement. You further acknowledge and agree that we have the right to terminate this Agreement, without providing you an opportunity to cure, if you default on your obligations to us or to our affiliates and we terminate your right under any other agreement, including the Commercial Lease Agreement with us or our affiliate. The base rent, triple net costs are subject to increase based on current market conditions and pursuant to the signed lease agreement. Under the lease, every five years Integrity Realty, at its option, may establish a new fixed minimum rent based on fair market value.

## **9. TRAINING AND ASSISTANCE**

### **9.1. Initial Training**

Franchisor shall make an initial training program available to the Operating Principal and the Designated Manager, as defined in Attachment 4. Approximately three to four weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete initial training to Franchisor's satisfaction, including the passing of tests at the end of initial training. Franchisor shall conduct the initial training program at its headquarters, designated regional office, or at another designated location. Franchisor shall not currently charge tuition or similar fees for initial training for two individuals, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel, transportation, food, and lodging costs shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

### **9.2. Opening Assistance**

In conjunction with the beginning of operation of the Franchised Business, Franchisor shall make available to Franchisee, at Franchisor's expense, one of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with the Integrity 1st Car Pros Franchise techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate in its sole discretion, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

### **9.3. Additional Training**

If Franchisor determines in its sole discretion that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Additionally, if Franchisee replaces its Designated Manager, or brings new principals into the franchise, the new Designated Manager and principals must attend Franchisor's initial training program, or train with a franchisee who agrees to provide such training. Franchisee will be required to pay Franchisor's then-current rates for additional training, not to exceed \$2,000 per attendee ("Training Fee"), plus Franchisor's costs associated with travel and lodging in order to provide such additional training.

### **9.4. New Designated Manager**

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction within 60 days of being named. The new Designated Manager may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training plus the Additional Training Fee, not to exceed \$2,000 if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisor retains the right to require such Designated Manager to sign our Nondisclosure Agreement. Franchisee shall be responsible for travel, transportation, food, and lodging costs incurred in connection with the new Designated Manager's attendance at such training.

### **9.5. Ongoing Training**

From time to time, Franchisor may provide, and if it does, has the right to require that the Owner or Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor may charge a fee for mandatory or voluntary ongoing training. Franchisee will be required to pay Franchisor's then-current rates for such ongoing training. Franchisor shall not require the Owners or Designated Manager to attend more than one session in any calendar year and not more than three days in any calendar year. Franchisee shall be responsible for all tuition costs, travel costs, and room and board incurred in connection with the Owner's or Designated Manager's attendance at such training.

## **9.6 Pricing**

Franchisor will assist Franchisee with the schedule of prices for services and parts provided. Franchisee agrees to promptly inform its customers of any new prices and charges established by Franchisor.

## **9.7 National/Regional Calls**

In Franchisor's sole discretion hold periodic national or regional calls, meetings, or conferences to discuss business and operational issues affecting Integrity 1st Car Pros franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. Franchisor will provide written notice prior to the meeting and Franchisee attendance will be required. We anticipate this occurring once per quarter but may occur more often or less often in our sole discretion.

## **10. FRANCHISE SYSTEM**

### **10.1. Compliance with Standards**

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

### **10.2. Modification of the System**

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, new computer hardware and software, equipment; new or different payment systems; certifications and licenses; furnishings and new techniques and methodologies, and (as described in Section 6 above) additional or substitute trademarks, service marks, and copyrighted materials. Changes to the System may further include, without limitation, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination; and modifying or substituting entirely the building, premises, equipment, furnishings, signage, Trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operational attributes which Franchisee is required to observe hereunder. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Business any such changes in the System, as if they were part of this Agreement at the time of execution hereof at Franchisee's sole expense; provided, however, that Franchisee shall not be required to make any expenditures during the first year of the initial term or any expenditures which are unreasonably disproportionate to Franchisee's initial investment to establish the Franchised Business during the initial term. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 12.2 of this Agreement. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Integrity 1st Car Pros shop or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby, Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without

limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

### **10.3. Refurbishment of the Equipment**

Franchisee shall refurbish and update its equipment during the fifth (5<sup>th</sup>) year of the franchise term. Franchisor shall provide Franchisee with specifications and requirement for such refurbishment. The obligations described herein are exclusive of the obligations described in this Section.

### **10.4. Variance**

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Integrity 1st Car Pros Franchise Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

### **10.5. No Warranty**

Though approved by us, we and our affiliates make no warranty and expressly disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

### **10.6 Renovations**

If this Franchise Agreement is signed as part of the transfer of an existing franchise or renewal of an existing franchise, then the construction required under this Section 10 shall be the renovation of your Franchised Business in accordance with the provisions of the predecessor franchise agreement. If, at our sole discretion, we allow you to complete the renovation after signing this Agreement, the renovation must be completed in accordance with the provisions of this Section 10 by the date set forth in the Rider.

- (a) Franchisee will make no changes to any building, plan, design, layout or décor, or any equipment or signage in your Franchise business without our prior written consent, and such changes may not be contrary to Mandatory Specifications.
- (b) Signs: Franchisee will prominently display, both on the interior and exterior of your Franchised Business premises, signs in such form, color, number, location and size, and containing such Marks as Franchisor designates. We also may require you to use illuminated signs. Franchisee will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with laws and ordinances. Franchisee will not display in or upon the Franchised Business premises any sign or advertising of any kind to which Franchisor objects. Franchisor reserves the right to require Franchisee to update the signage at any time at Franchisee's expense.
- (c) Services: Franchisee will conform to all quality and customer services standards prescribed by Franchisor in writing.

### **10.7 Interior and Exterior Upkeep**

You agree, at all times, to maintain the Integrity 1st Car Pros Shop 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 all requirement regarding the upkeep of your Integrity 1st Car Pros Shop established in the Operations Manual and by federal, state and local laws and as specified in the Commercial Lease.

## **11. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS**

### **11.1. Records**

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the Term of this Agreement, and for four years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

## **11.2. Gross Revenue and Split Profit Reports**

Franchisee shall maintain an accurate record of Gross Revenue and Split Profit and shall deliver to Franchisor via Email, or other written or digital methods as designated by Franchisor, a signed and verified statement of Gross Revenue (“Gross Revenue Report”) and Split Profit (“Split Profit Report”) for the previous month ending on the 5<sup>th</sup> day of the following month in a form that Franchisor approves or provides for in the Manual. The Gross Revenue Report and Split Profit Report for the preceding month must be provided to Franchisor by the close of business on the fifth of each month.

## **11.3. Financial Statements**

11.3.1. Franchisee shall supply to Franchisor on or before the fifteenth day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within 90 days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP (Generally Accepted Accounting Principles), applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or certified by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

11.3.2. By April 30 of each year or within 30 days of filing, whichever is later, Franchisee shall provide to Franchisor all tax returns which contain income and expenses of Franchisee’s Integrity 1st Car Pros Franchised Business. Franchisees are required to file all tax returns within the calendar year in which they are due.

## **11.4. Other Reports and Business Records**

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. All the financial reports, customer information, tax information, marketing data, and all other data generated by the Franchise Business (“Business Records”) shall belong to Franchisor to use in its sole discretion. Franchisor hereby grants Franchisee a royalty-free license to use all such information in connections with the operation of the Franchise Business for the Term of the Franchise Agreement. All required reports and financials including but not limited to balance sheets, profit and loss statements, cash flow statements etc. are to be structured with the same Chart of Accounts setup that is universal across all platforms utilized by the Franchisee to ensure accuracy, data integrity, and ease of analysis for the Franchisor. Franchisor retains the right to request and change the format of the required financials and data upon a notice to you or upon updating the Operations Manual. Franchisee shall provide the required data as designated by the Franchisor within 15 days after the end of each calendar year quarter. Franchisor hereby requests the right to change the required information, format of such data, or frequency of such data upon a notice to the Franchisee.

## **11.5. Computer Equipment, Software and Technology**

During the term of this Agreement, Franchisor reserves the right to require Franchisee to purchase, install and use computer equipment consisting of hardware and software in accordance with Franchisor’s then-current specifications. This may include a business management software providing customer relationship management, scheduling, inventory, and data management services. Franchisor may change

the software or technology that Franchisee must use at any time. Franchisor may also develop proprietary software or technology that must be used by Integrity 1st Car Pros franchisees. If this occurs, Franchisee agrees to enter into a license agreement with Franchisor (or an affiliate of Franchisor) and pay Franchisor (or Franchisor's affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which Franchisee may utilize this software or technology. Franchisor also reserves the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to Franchisee, in which case Franchisor may charge Franchisee for all amounts that we must pay to the licensor based on Franchisee's use of the software or technology plus a reasonable administrative fee. All fees referenced in this Section 11, Proprietary Software Fee, and the IT support Fees are due on or before 5:00 PM CST on the day of each month that we specify from time to time. Franchisor shall have full access to all of Franchisee's computer, data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

#### **11.6. Right to Inspect**

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, financial data, business records, and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment, plus interest, from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection should reveal that Franchisee has not spent a monthly minimum of three percent (3%) of Gross Revenue on Local Advertising, or if the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). Further, if Franchisee fails to cooperate in scheduling or producing documents for the audit, Franchisee shall reimburse Franchisor the cost of enforcing compliance with this provision, rescheduling costs, and any travel costs. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

#### **11.7. Release of Records**

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

### **12. STANDARDS OF OPERATION**

#### **12.1. Authorized Products, Services and Suppliers**

12.1.1. Franchisee shall provide or offer for sale or use at the Franchised Business all the services and products required by Franchisor, and only those services and approved by Franchisor. Franchisee shall provide all such services and products in strict compliance with Franchisor's designated methods, procedures, and quality standards (the "System") as outlined in the Manual and other directives from Franchisor with diligence and care. Additionally, Franchisee shall permit qualified engineers and inspectors to inspect all work Franchisee performs at any time such engineers and inspectors may so request.

Franchisee shall not offer, sell, or use in the operation of the Franchised Business any products or services that Franchisor has not approved.

12.1.2. If required by Franchisor, any such items or services shall be purchased only from “Approved Suppliers” that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate). These items or services may include, without limitation, service tools, equipment, chemicals, vehicle wraps, business cards, stationery and pre-printed forms, and collateral merchandise such as T-shirts, uniforms, and branded clothing.

12.1.3. Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if applicable, a list of Approved Suppliers for some or all of the supplies, furniture, fixtures, inventory, equipment and other approved or specified items and services, and Franchisor may in its sole discretion revise such list from time to time. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any products, services or new technology that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets the Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service, or supplier. Franchisor will decide within a reasonable time (usually 30 days but no later than 60 days) after receiving the required information whether Franchisee may purchase or lease such items or services from such supplier. Approval of a supplier may be conditioned on the supplier’s ability to provide sufficient quantity of product, quality of products or services at competitive prices, production and delivery capability, dependability and general reputation. Nothing in this Section 12 shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential. Franchisor may revoke its approval or change designated or approved supplier at any time at its discretion.

12.1.4. Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products, services, or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and/or cease buying from any unapproved product or service from any unapproved supplier.

12.1.5. Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10 and shall not create any rights in Franchisee to provide the same products or services.

12.1.6. Franchisee acknowledges and agrees that Franchisor and/or its affiliate may derive compensation or other benefits based on Franchisee’s purchases or leases from designated or approved suppliers, and that Franchisor has the right to retain such compensation or benefits in consideration of the valuable services provided by Franchisor and/or its affiliate. Franchisee shall have no interest in or claim to such compensation or benefit.

## **12.2. Appearance and Condition of the Franchised Business**

Franchisee shall maintain the service tools and equipment, and signage of the Franchised Business in “like new” condition, and shall clean, repair or replace service tools and equipment, and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The expense of such repairs and maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

### **12.3. Ownership and Management**

12.3.1. The Franchised Business shall, at all times, be under the direct supervision of Franchisee or its Designated Manager. The “Designated Manager” shall devote best efforts to the management of the day-to-day operation of the Franchised Business, but not less than 35 hours per week, excluding vacation, sick leave and similar absences. The Designated Manager must be an owner of the Franchisee with no less than 5% equity interest. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

12.3.2. Franchisee shall maintain a competent, conscientious, and trained staff (who shall have been adequately trained by Franchisee) in numbers sufficient to service customers promptly and properly, including at least a manager or shift leader on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and shall take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Franchisor. If Franchisee is unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for the Franchisor to reimburse a customer in settlement of his or her complaint about work performed at or by Franchisee’s Shop, Franchisee agrees to promptly reimburse Franchisor for amounts expended on account of any such complaint. Franchisee’s obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

12.3.3. Franchisee acknowledges and agrees that Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors that Franchisee may hire to assist in the operation of the Franchised Business. Franchisee agrees that any employee, agent, or independent contractor that Franchisee hires will be Franchisee’s employee, agent, or independent contractor, and not Franchisor’s employee, agent, or independent contractor. Franchisee also agrees that Franchisee is exclusively responsible for the terms and conditions of employment of Franchisee’s employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee agrees to manage the employment functions of the Franchised Business in compliance with federal, state, and local employment laws.

### **12.4. Days of Operation**

Franchisee shall keep the Franchised Business open for business 8 hours per day six days per week, including holidays, or as specified in the Manual.

### **12.5. Certifications**

Before attending our initial training, the Designated Manager of one of our franchises must obtain the required certification(s) as Franchisor designates. Franchisee may also be required to obtain other certifications as Franchisor may specify from time to time.

### **12.6. Compliance with Brand Standard**

In order to protect the reputation and goodwill of the System, Marks and to maintain high standards of operation under the System (“Brand Standard”), Franchisee agree to comply strictly with all of our required Brand Standards. Franchisee acknowledge that the Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, Franchisee acknowledges that Franchisor has the right to vary the standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor’s specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. Franchisor will not be liable to Franchisee or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

## **12.7. Licenses and Permits**

Franchisee shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of the Franchised Business, including all zoning and local permits necessary to operate the Franchised Business from the principal residence of Franchisee or its Designated Manager, and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

## **12.8. Notification of Proceedings**

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than three days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule, or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

## **12.9. Compliance with Good Business Practices**

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable rules and regulations. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors, Franchisor staff members, and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint or has operated outside of applicable rules and regulations, Franchisor has the right to intervene and satisfy the customer or resolve conflicts with vendors or others affected by Franchisee's conduct. Franchisor has the right to terminate this Agreement for violation of this Section 12.

## **12.10. Uniforms**

Franchisee shall abide by all uniform and/or dress code requirements stated in the Manual or otherwise. Uniforms must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

## **12.11. Credit Cards**

12.11.1. Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its customers.

12.11.2. Franchisee shall accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that Franchisor specifies periodically to enable customers to purchase authorized products, and to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. Franchisee is solely responsible for its own

education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Franchisor harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 12.11.

#### **12.12. E-Mail**

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor, per Franchisor's specifications. To the extent Franchisor provides franchisee emails, then Franchisee shall use the assigned email for all business purposes and shall respond to all emails within one business day.

#### **12.13. Call Center Program and Client Experience Program**

12.13.1. If Franchisor requires, Franchisee will participate in the Call Center and Client Experience Program, as it exists. Participation in the program may include, without limitation, using and publishing a telephone number we designate, engaging a designated service provider (which may be Franchisor, its affiliate, or a third party) to answer calls, set customer appointments, and provide other related services, acquiring, installing, and using related technology, and using designated service providers. Franchisee shall pay all reasonable fees imposed by the service provider for these services and to enter into any related user or service agreements, which may be paid to the Franchisor or directly to the service provider.

12.13.2. Until such Program is implemented, Franchisee shall arrange for the answering of all incoming phone calls during regular business hours. Failure to comply with this requirement is a material breach of this Agreement. If Franchisee fails to comply with this requirement on two or more occasions during the term hereof, then upon delivery of the second notice to Franchisee, Franchisee shall, at Franchisee's expense, engage the services of a professional call center services provider approved in advance by Franchisor.

#### **12.14. Best Efforts and Minimum Performance Criteria**

12.14.1 Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

12.14.2. There are no minimum performance criteria during the first six months of operations. Beginning with the 7<sup>th</sup> month of operation, the Franchised Business must achieve average Gross Revenue per month of at least \$80,000 to \$100,000 with a profit margin of 20%; beginning month 12 of operation, average Gross Revenue minimums shall increase to \$25,000. At all times, Franchisee must maintain a minimum profit margin on parts of 52%.

If Franchisee fails to maintain the minimum performance criteria, Franchisor has the right, in our sole decision to terminate this Agreement, reduce your Territory, require increased marketing unless you take action to develop with us a workout plan (also known as a corrective action plan) and follow the requirements of the workout plan. Except for achieving minimum performance criteria, Franchisee rights to the Territory granted under this Agreement is not contingent upon achieving a certain sales volume, market penetration, nor any other contingency and cannot be altered.

#### **12.15. Non-Disparagement**

Franchisee is not prohibited from soliciting or hiring other Integrity 1st Car Pros franchisee's employees. If Franchisee employs another Integrity 1st Car Pros franchisee's employee who has attended Franchisor's training within 12 months of the hire date with Franchisee, Franchisee shall pay to the other franchisee the then-current training fee of Franchisor plus the other franchisee's actual costs for sending its employee to training, including but not limited to travel costs, lodging, and food, not to exceed \$1,500 for expenses.

#### **12.16 Reserved**

#### **12.17 Legal Compliance**

In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Franchisor reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure.

## **12.18 Data Security and Privacy**

12.16.1. Franchisee must comply with all applicable federal, state and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection polices, and breach response policies that Franchisor periodically may establish. Franchisee must notify Franchisor immediately regarding any actual or suspected data breach at or in connection with the Franchised Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

- a) Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;
- b) Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;
- c) Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and Franchisor;
- d) Franchisee will delete any Personal Information upon Franchisor's request unless Franchisee can prove that such request is subject to an exception under applicable law; and
- e) Franchisee certifies that it understands and will fully comply with the restrictions of this section. Franchisee also acknowledges and agrees that Franchisor may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

## **12.19 Customer List**

Franchisee agrees that the list of the names, addresses and other information regarding Franchisee's current clients, former clients, and those who have inquired about the services provided by Franchisee (the "Customer List") shall be included in the Confidential Information, shall be the property of Franchisor, and shall constitute a trade secret of Franchisor. Franchisee agrees that Franchisee may not disclose the Customer List, or any portion thereof, to any person other than the Franchisor, either during the term of this Agreement or thereafter as required by Section 17.3.

## **12.20 Non-compliance Fee**

Franchisor may charge you \$250 per day for any instance of non-compliance with the System, standards, or this Agreement (other than your non-payment of fees owed to Franchisor). If such non-compliance is ongoing, Franchisor may continue to charge Franchisee \$250 per day until you cease such non-compliance. This fee is an estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to Franchisor's other rights and remedies.

## **12.21 Information Systems/Technologies**

12.21.1 Approved Information Systems. Franchisor may designate the information system used in the Franchised business, including the computer hardware, software other equipment and enhancements (the “Information System”). If Franchisee suspects or knows of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. Franchisee assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

12.21.2 Franchisee is solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims you may have against Franchisor or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. Franchisee assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

12.21.3 Indemnification. Franchisee hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party’s gross negligence or intentional acts.

12.21.4 Ownership Information All of the information we or our affiliates obtain from Franchisee or about the Franchised Business, and all information in your records or ours concerning the members of the Franchised Business (“the Information”) and all revenues we derive from the Information will be our property. However, Franchisee may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. Franchisee hereby authorizes the payment processor to release the information to Franchisor at any time. Following termination or expiration of this Agreement Franchisee will no longer use any of the Information, except to comply with the post-term obligations under this Agreement and Franchisee authorizes the payment processor to release the Information exclusively to us and/or our designees.

## **13. FRANCHISOR’S ADDITIONAL OPERATIONS ASSISTANCE**

### **13.1. General Advice and Guidance**

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee during normal business hours by telephone, e-mail, newsletters, and other methods. Franchisor shall not charge for this service; however, Franchisor retains the right to charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor’s advice or guidance to Franchisee relative to prices for products and services that, in Franchisor’s judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Integrity 1st Car Pros Franchise Businesses and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through the Integrity 1st Car Pros Franchise Internet site, including products sold to persons identified as customers of the Franchised Business.

### **13.2. Inspections**

A representative of ours may make visits to your Franchised Business to ensure compliance with all required standards, specifications and procedures. Our representative will be allowed to inspect the

condition and operation of your Franchised Business and all areas of your Franchised Business at any time during your business hours. Such inspections may include without limitations, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures. We may from time to time, make suggestions and give mandatory instructions with respect to your operation of your Franchised Business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your Franchised Business, you will pay the fees we establish for such visits. You will also allow us to visit your Franchised Business with prospective franchisees during your business hours.

13.2.1 To determine whether you are complying with the Franchise Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you to:

- (a) inspect the Integrity 1<sup>st</sup> Car Pro Shop;
- (b) observe, photograph and/or videotape the operations of your Integrity 1st Car Pros Shop 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 Integrity 1st Car Pros Shop;
- (e) inspect and copy any books, records, website (and other forms of e-commerce) any documents relating to your operation of the Integrity 1st Car Pros Shop.

13.2.2 You agree to correct or repair any unsatisfactory conditions we specify within 3 days of Franchisor's request.

## **14. INSURANCE**

### **14.1. Types and Amounts of Coverage**

At its sole expense, Franchisee shall procure within sixty days of the Effective Date, and maintain in full force and effect during the term of this Agreement, insurance as required by state law and as Franchisor specifies below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured, grantor of franchise and loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

14.1.1. "All risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

14.1.2. Workers' compensation insurance as required by state law and employer liability coverage with a minimum limit of \$500,000 per incident and \$500,000 for the policy limit;

14.1.3. Comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and an aggregate limit of \$2,000,000;

14.1.4. Garage Keeper Liability (\$300,000 direct primary minimum requirement) (optional);

14.1.5 Business interruption insurance in with a minimum coverage of \$100,000 (optional);

14.1.6. Automobile liability insurance for owned or hired vehicles, with a combined single limit

of at least \$1,000,000 per location (optional);

14.1.7. Errors and omissions coverage in the amount of \$1,000,000; and

15.1.8. Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.3.

14.1.9 Franchisor reserves the right to require Franchisee to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies. Franchisor's insurance requirements, including types of coverages and amount may change over time.

Franchisee acknowledges that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from losses in connection with the Center. Nothing in this Agreement prevents or restricts Franchisee from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires.

#### **14.2. Future Increases**

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

#### **14.3. Carrier Standards**

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" are in the same classification, Franchisor demands an "A" rating.

#### **14.4. Evidence of Coverage**

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.3. Upon issuance of a policy and renewal of said policy, Franchisee shall provide to Franchisor, certificates of insurance showing compliance with the foregoing requirements within 5 days of Franchisee's receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least 30 days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

#### **14.5. Failure to Maintain Coverage**

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee consisting of our actual expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

### **15. DEFAULT AND TERMINATION**

#### **15.1. Automatic Termination**

The Franchise Agreement will terminate automatically, without notice, if Franchisee becomes insolvent (meaning unable to pay bills in the ordinary course of business as they become due); if a Franchisee files Bankruptcy; if a receiver of Franchisee's property or any part thereof is appointed by a court; if Franchisee makes a general assignment for the benefit of its creditors; if a final judgment against Franchisee remains unsatisfied of record for 30 days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; or if a suit to foreclose any lien or mortgage against Franchisee's Franchised Business Office or equipment is instituted against Franchisee and not dismissed within 30 days or is not in the process of being dismissed.

## **15.2. Termination by Franchisor**

15.2.1. The following constitute incurable defaults under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, without providing Franchisee an opportunity to cure. Termination shall be effective upon delivery of notice of termination.

15.2.1.1. Franchisee fails to timely establish, equip and commence operations of the Franchised Business pursuant to Section 8;

15.2.1.2. Franchisee fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 9;

15.2.1.3. Franchisee fails to maintain all required professional licenses, permits and certifications for a period exceeding five business days;

15.2.1.4. Franchisee made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.1.5. Franchisee is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business, or noncompliance with any federal, state, or local law pursuant to its obligations under Section 12.15;

15.2.1.6. Franchisee, after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

15.2.1.7. Franchisee discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual, Trade Secrets or any other Confidential Information;

15.2.1.8. If required by Franchisor, Franchisee fails to have any holder of a legal or in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and/or Non-Competition Agreement attached as Attachment 2 or Attachment 2-A, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 6.4 if requested by Franchisor;

15.2.1.9. Franchisee abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor);

15.2.1.10. Franchisee surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

15.2.1.11. Franchisee fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the 180 days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 17.6;

15.2.1.12. Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.1.13. Franchisee misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

15.2.1.14. Franchisee fails on two (2) or more separate occasions within any period

of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Brand Development Fee, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

15.2.1.15. Franchisee violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

15.2.1.16. Franchisee defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates including but not limited to the Commercial Lease Agreement.

15.2.1.17. Franchisee loses the right to occupy premises where the Franchised Business is located.

15.2.2. The following constitute curable defaults under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, if you fail to cure during the requisite cure period after receiving notice. Termination shall be effective upon delivery of notice of termination.

15.2.2.1. Franchisee engages in any activity exclusively reserved to Franchisor, and fails to cure such offending activity within five days after delivery of written notice;

15.2.2.2. Franchisee fails to comply with any applicable law or regulation, and fails to cure such failure within 10 days after delivery of written notice;

15.2.2.3. Franchisee fails to pay any amounts due under this Agreement, and fails to cure such default within five days after delivery of written notice default;

15.2.2.4. Franchisee fails to procure or maintain insurance as specified in Article 14 of this Agreement, and fails to cure such default within 10 days after delivery of written notice of default;

15.2.2.5. Franchisee materially breaches any other provision of this Agreement, and fails to cure such default within 30 days after delivery of written notice of default; or

15.2.2.6. Franchisee defaults under any agreement between the Franchisor and/or its affiliate and the Franchisee.

15.2.3. If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

### **15.3. Termination by Franchisee**

15.3.1 If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 30 days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 30 days. If the breach cannot reasonably be cured in such 30 days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

15.3.2 Franchisee may also terminate this Agreement by signing the mutual termination and complying with all terms contained therein or by selling the franchise to a Franchisor approved candidate.

### **15.4. Alternate Remedies**

15.4.1. If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 15.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

15.4.2. If, prior to the Expiration Date, Franchisee terminates this Agreement without good cause, or if Franchisor terminates this Agreement on account of Franchisee's material default hereof pursuant to Section 15.1 or 15.3, the parties acknowledge and agree that Franchisor will suffer damages for the loss of the benefit bargained for in this Agreement and irreparable damage to the integrity of the franchise system. As compensation for these damages Franchisor shall be entitled to collect from Franchisee, in addition to all other amounts due Franchisor (including, without limitation, the Final Payment described in Section 16.2.), liquidated damages calculated as average Gross Revenue or approximately \$12,500 per month (whichever is higher) multiplied by 24 months ("Liquidated Damages"). If the Franchised Business has been operating for less than twelve months at the time of termination, "Average Gross Revenue" means total Gross Revenue for the period of operation divided by the number of months in operation. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Agreement by premature closure, abandonment, or termination due to violation of this Agreement, proof of actual damages would be difficult and that the formula for calculating Liquidated Damages contained herein is a reasonable estimate of what actual damages would be. The Liquidated Damages is not considered and does not result in a penalty or a termination fee. Franchisor has an expectation that Franchisee's franchised business will be open and operating for the full Term of the Agreement. An early closure reduces Franchisor's revenue and damages our image in the public. Calculating the value and expense of this injury is difficult to determine and may be hard to calculate with specificity, but the parties acknowledge the injury. Therefore, the parties have elected to agree in advance to calculation of Liquidated Damages to compensate Franchisor for its damages and to provide certainty to Franchisee of the amounts due.

## 15.5 Default/Pre-Termination Rights

15.5.1 Prior to the termination of our Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement or notify us that your Franchised Business is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

- (a) Remove the listing of your Franchised Business from all advertising published or approved by us;
- (b) Cease listing your Franchised Business on all Technology Platforms;
- (c) Prohibit you from attending any meetings or programs held or sponsored by us;
- (d) Terminate access to any computer system or software Franchisor owns, maintain or license to you (whether licensed by us or by one of our affiliates);
- (e) Suspend all services Franchisor or our affiliates provide to Franchisee under this Agreement or otherwise
- (f) Contact landlord, lenders, and suppliers regarding the status of your operations, and provide copies of any default or other notices to your landlords, lenders and suppliers.
- (g) In addition, if Franchisee notifies us that you are closing your Franchised Business or otherwise communicate to others that you are closing your Franchised Business, you agree that your billing processor may withhold up to one-half (1/2) of monies that would otherwise be payable to Franchisee to cover any post termination obligations you may have
- (h) Our actions as outlined in Section 15 may continue until Franchisee has brought all accounts current, cured any default and complied with all requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise.

## **15.6 Step-In Rights**

To prevent any interruption of the business of the Shop, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Shop on your behalf for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that: (a) your Designated Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in Franchisor's sole determination, you are not able to operate the Shop in full compliance with this Agreement, or (b) any allegation or claim is made against you or any of your Owners, or the operation of the Shop, involving or relating to fraudulent, deceptive or illegal practices or activities. If Franchisor undertakes to operate the Shop pursuant to this Section 15.6., Franchisor shall have the right to collect and pay from the revenues of the Shop all operating expenses including, without limitation, Royalty Fees pursuant to Split Profits, Marketing Fees, employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee not to exceed 10% of Gross Revenues plus travel and lodging expenses for our personnel. You shall indemnify and hold harmless Franchisor from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives.

## **16. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

### **16.1. Actions to be Taken**

16.1.1. Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

16.1.1.1. Immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.1.2. Cease to use the Trade Secrets or other Confidential Information, the System and the Marks including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks, and Franchisee will immediately return the Customer List to Franchisor;

16.1.1.3. Take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "Integrity 1<sup>st</sup> Car Pros" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement;

16.1.1.4. Pay all sums owing to Franchisor and any Affiliate, including amounts due under Section 16.2., below. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, and any other amounts due to Franchisor or any Affiliate;

16.1.1.5. Pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

16.1.1.6. Immediately return to Franchisor the Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, referral contact list, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

16.1.1.7. Assign all of Franchisee's email addresses, any websites, and telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers associated with the Marks and shall authorize transfer of same to or at the direction of Franchisor;

16.1.1.8. Comply with all other applicable provisions of this Agreement; and

16.1.1.9. Franchisee agrees that upon termination or expiration of this Agreement, Franchisee will return to the Franchisor all copies of the Customer List, including past customers, present customers, and prospective customers, and shall not thereafter use the Customer List or contact the Customers.

## **16.2. Final Payment; Remedies**

16.2.1. Within 30 days following expiration or termination of this Agreement, Franchisee shall pay to Franchisor Liquidated Damages in the amount specified in Section 15.4.2. Such amount is payable in lieu of the Royalty Fees on Split Profit and Brand Development Fees that would otherwise be payable on Gross Revenue after the date of expiration or termination and is not in lieu of any damages incurred by the Franchisor for early termination or breach of the Franchise Agreement. The parties acknowledge and agree that the Final Payment represents a reasonable estimation of future Split Profit and Gross Revenue on Franchisee's accounts receivable, and is not a penalty. Franchisee shall remain liable for any damages accrued or loss incurred by the Franchisor as of the date of the early termination.

16.2.2. To secure payment of the liquidated damages and all other amounts due under this Agreement, Franchisee hereby grants to Franchisor a security interest in, and collaterally assigns to Franchisor all of its rights and interests to, Franchisee's Accounts Receivable and the proceeds thereof. If Franchisor exercises its rights under this Section 16.2.2., Franchisor shall have the exclusive right to contact Franchisee's customers for collection purposes, and do all other things appropriate or necessary to collect the Accounts Receivable. Franchisor shall have the right to retain from collected amounts 9% of the Gross Revenue, representing Royalty fees and Brand Development Fees due and owing thereon, and to reimburse itself all collection costs including, without limitation, collection agency fees, attorneys' fees, and court costs. Collection costs will be determined in the aggregate, without allocation to specific collected amounts.

## **16.3. Post-Termination Covenant Not to Compete**

16.3.1. Franchisee acknowledges that the restrictive covenants contained in this Section 16 and in Section 6 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

16.3.1.1. To protect the Trade Secrets and other Confidential Information of Franchisor;

16.3.1.2. To induce Franchisor to grant a Franchise to Franchisee; and

16.3.1.3. To protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

16.3.2. Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager, or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity:

16.3.2.1. (a) own an interest in, manage, or operate any Competitive Business in the former Territory, within twenty-five (25) miles from the perimeter of the former Territory, or within the territory of any other Integrity 1st Car Pros Franchise business; or (b) perform Competitive Services in the former Territory, within twenty-five (25) miles from the perimeter of the former Territory, or within the territory of any other Integrity 1st Car Pros Franchise business; or

16.3.2.2. solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

16.3.3 In furtherance of this Section 16, Franchisor has the right to require certain individuals to

execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2.

16.3.4. The two-year period shall be tolled during any event of non-compliance.

#### **16.4. Unfair Competition**

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section 16 is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 6, 16.1, or 16.3. Franchisee shall make such modifications or alterations to the Franchised Business Office (including changing telephone numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Franchised Business Office. Franchisee shall make such specific additional changes to the Franchised Business Office as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section 17, Franchisor has the right to enter upon the Franchised Business Office for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

#### **16.5. Franchisor's Option to Purchase Certain Business Assets**

Franchisor shall, within thirty (30) days following the expiration or termination of this Agreement for any reason (other than for renewal of the Franchise), have the option, in our sole judgment, to purchase all or any portion of the assets of the Shop and any other materials, equipment or supplies bearing our Marks and or otherwise used in operation of the Franchised Business, and to have Franchisee assign and transfer the Shop lease for the premises to us if applicable. The purchase price for the portion of your inventory or supplies purchased directly from us or any of our affiliates shall be at your cost. The purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by Franchisee in the operation of the Shop shall be the fair wholesale market value thereof. In addition, Franchisor shall be permitted to deduct and withdraw from the purchase price to be paid to Franchisee for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

If the parties are unable to reach agreement as to the fair market value of the assets of the Shop to be purchased by Franchisor, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If Franchisee do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

#### **16.6. Survival of Certain Provisions**

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

### **17. TRANSFERABILITY OF INTEREST**

#### **17.1. Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor, without Franchisee's approval or prior notice to Franchisee, and such rights will inure to the

benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement arising after the date of transfer.

## **17.2. Transfer by Franchisee to a Third Party**

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense, or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the assets of the Franchised Business or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.2.1. Franchisee has complied with the requirements set forth in Section 18;

17.2.2. All obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

17.2.3. Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

17.2.4. The prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business including but not limited to the Commercial Lease with us or our affiliate;

17.2.5. The transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current form of franchise agreement being offered to new franchisees, which may be substantially different from this Agreement, and may include a different Royalty Fee, Brand Development Fee rates and other material provisions; the initial term of the franchise agreement shall be the initial term provided for in the then-current franchise agreement, and all renewal terms shall be governed by the then-current franchise agreement, and the territory shall be the same as the Territory granted pursuant to this Agreement;

17.2.6. The transferee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

17.2.7. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

17.2.8. Franchisee, or the transferee, has paid to Franchisor a Transfer Fee pursuant to Section 3.11 above and if applicable Transaction Fee pursuant to Section 3.12 above;

17.2.9. The transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

17.2.10. Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 6 and 16;

17.2.11. The transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 9.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

17.2.12. In the event of a transfer among a single Franchisee entity or group of purchasers comprising a single Franchisee, Franchisor reserves the right for the continuing Franchisee or owners to sign a new Franchise Agreement.

### **17.3. Transfer to a Controlled Entity**

17.3.1. If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.3.1.1. The Controlled Entity is newly organized and its charter or Articles of Formation provides that its activities are confined exclusively to the operation of the Franchised Business;

17.3.1.2. Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

17.3.1.3. All obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 17.2.8;

17.3.1.4. The Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

17.3.1.5. All holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

17.3.1.6. Each share certificate (or other certificate reflecting an ownership interest) shall have conspicuously endorsed on it a statement, in a form satisfactory to Franchisor, that the certificate is held subject to the transfer restrictions contained in the Franchise Agreement; and

17.3.1.7. Copies of the Controlled Entity's Articles of Incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

17.3.2. The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

17.3.3. Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

#### **17.4. Franchisor's Disclosure to Transferee**

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

#### **17.5. For-Sale Advertising**

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

#### **17.6. Transfer by Death or Incapacity**

Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such 180-day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

### **18. RIGHT OF FIRST REFUSAL**

#### **18.1. Submission of Offer**

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 17.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

#### **18.2. Franchisor's Right to Purchase**

Franchisor shall, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to 60 days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

#### **18.3. Non-Exercise of Right of First Refusal**

If Franchisor does not exercise its right of first refusal within 30 days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 17.2. Should the sale fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section 18.

#### **18.4. Sales or Transfers to Family Excepted**

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 18 shall be inapplicable. Nothing in this Section 18.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 17.2 prior to a sale or transfer to family pursuant to this Section 18.

### **19. BENEFICIAL OWNERS OF FRANCHISEE**

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Attachment 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee. Franchisee must appoint one person who is a holder of at least 5% legal or beneficial interest as the Designated Manager, who shall also sign the Unlimited Guaranty and Assumption of Obligations, attached hereto as Attachment 3.

### **20. RELATIONSHIP AND INDEMNIFICATION**

#### **20.1. Relationship**

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone. Start here

#### **20.2. Standard of Care**

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

#### **20.3. Indemnification**

**FRANCHISEE SHALL HOLD HARMLESS AND INDEMNIFY FRANCHISOR, ANY AFFILIATE, ALL HOLDERS OF A LEGAL OR BENEFICIAL INTEREST IN FRANCHISOR AND ALL OFFICERS, DIRECTORS, EXECUTIVES, MANAGERS, MEMBERS, PARTNERS, OWNERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY**

**“FRANCHISOR INDEMNITIES”) FROM AND AGAINST ALL LOSSES, DAMAGES, FINES, COSTS, EXPENSES OR LIABILITY (INCLUDING REASONABLE ATTORNEYS’ FEES AND ALL OTHER COSTS OF LITIGATION) INCURRED IN CONNECTION WITH ANY ACTION, SUIT, DEMAND, CLAIM, INVESTIGATION OR PROCEEDING, OR ANY SETTLEMENT THEREOF, WHICH ARISES FROM OR IS BASED UPON FRANCHISEE’S (A) OWNERSHIP OR OPERATION OF THE FRANCHISED BUSINESS; (B) VIOLATION, BREACH OR ASSERTED VIOLATION OR BREACH OF ANY FEDERAL, STATE OR LOCAL LAW, REGULATION OR RULE; (C) BREACH OF ANY REPRESENTATION, WARRANTY, COVENANT, OR PROVISION OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISEE AND FRANCHISOR (OR AN AFFILIATE); (D) DEFAMATION OF FRANCHISOR OR THE SYSTEM; OR (E) INFRINGEMENT, VIOLATION OR ALLEGED INFRINGEMENT OR VIOLATION OF ANY MARK, PATENT OR COPYRIGHT OR ANY MISUSE OF THE TRADE SECRETS OR OTHER CONFIDENTIAL INFORMATION. FRANCHISEE’S INDEMNIFICATION OBLIGATIONS SHALL NOT APPLY TO THE EXTENT THAT THE DAMAGES ARE CAUSED BY FRANCHISOR’S NEGLIGENCE OR BREACH OF THIS AGREEMENT. THE OBLIGATIONS OF THIS SECTION 20.3 SHALL EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT.**

#### **20.4. Right to Retain Counsel**

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor’s reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor’s sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor’s exercise of its rights under this Section 21 causes any of Franchisee’s insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party’s part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee agrees to not be a party to class action suit against Integrity 1st Car Pros Franchise under any circumstances.

### **21. GENERAL CONDITIONS AND PROVISIONS**

#### **21.1. No Waiver**

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

#### **21.2. Injunctive Relief**

As any breach by Franchisee of any of the restrictions contained in Sections 5, 6, and 16 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) from any court of competent jurisdiction or the American Arbitration Association against any

such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to mediate and arbitrate all disputes in accordance with Section 22.7. and 22.8. Franchisor's rights herein shall include pursuing injunctive relief in any court of competent jurisdiction.

### **21.3. Notices**

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) on the next business day after transmission by e-mail or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 21.3. All notices, payments, and reports required by this Agreement shall be sent to Franchisor at the following address:

Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC  
Attn: Chief Executive Officer  
3330 Independence Pkwy #300  
Plano, Texas, 75023

### **21.4. Cost of Enforcement or Defense**

If either party is required to enforce this Agreement in a judicial proceeding, the substantially prevailing party shall be entitled to reimbursement of its costs, including actual accounting and attorneys' fees, travel costs, expert witness fees, filing fees, and other litigation costs.

### **21.5. Unlimited Guaranty and Assumption of Obligations**

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Attachment 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

### **21.6. Approvals**

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

### **21.7. Entire Agreement**

This Agreement, including its exhibits, Attachments, amendments, constitutes the entire, complete, and fully integrated agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representation made in the franchise disclosure document that was delivered to Franchisee in connection with the grant of the franchise memorialized by this Agreement.

### **21.8. Severability**

21.8.1. Except as noted below, each Section, part, term and provision of this Agreement shall be considered severable. If any Section, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions,

Section , parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid Section , parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

21.8.2. Notwithstanding the above, each of the covenants contained in Sections 6 and 16 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

### **21.9. Construction**

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

### **21.10. Force Majeure**

Except for the obligation to make payments herein, neither party shall be liable for delays in delivery or performance of its obligations, or for failure to deliver or perform its obligations under this Agreement due to a cause or circumstances beyond its reasonable control, including, without limitation, an act of nature, act of civil, government, or military authority, act of terrorism, governmental priority, strike or other labor disturbance, flood, fire, explosion, epidemic, other hostilities, or failure of the Internet (not resulting from the actions or inactions of such party). The party claiming excuse because of force majeure shall use its commercially reasonable efforts to promptly correct such failure or delay in performance and shall promptly notify the other party to this Agreement of any delay or failure to perform which may be excused by this provision, which notification will also specify the expected date of resumption of performance. In the event of any such delay, this Agreement shall be extended for a period equal to the time lost by reason of the delay, but not to exceed 12 months. If, however, either party is unable to perform its obligations under this Agreement for reasons excused by this provision for a period in excess of 12 consecutive months (or otherwise agreed to in writing by both parties), the parties may terminate this Agreement without penalty after 30 days written notice to the other party.

### **21.11. Timing**

Time is of the essence with respect to all provisions in this Agreement. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be considered a material breach.

### **21.12. Withholding Payments**

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

### **21.13. Further Assurances**

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

### **21.14. Third-Party Beneficiaries**

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

#### **21.15. Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

#### **21.15. No Affiliate Liability**

No past, present, or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate controlling party, entity under common control, ownership or management, vendor, service, provider, agent attorney or representative of ours or of any of our affiliates will have any liability for 1) any obligations or liabilities we have relating to or arising from this Agreement or 2) any claim against us based on, in respect of, or by reason of, the transaction contemplated in this Agreement. This provision will not however affect any right duty or obligation of ours or yours or of any guarantor of your obligations

#### **21.16. No Liability for Others' Products or Acts**

Franchisor disclaims all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than us or our affiliates, or such parties' acts or omissions. Franchisee agree not to make any claims against Franchisor or their affiliates with respect to products that Franchisor and their affiliates did not manufacture, even if Franchisor or their affiliates sold Franchisee the product or designated or approved its source. Franchisee is required to assert any claims only against the manufacturer of the product, even if Franchisee obtained it through Franchisor or their affiliate.

#### **21.17. No Liability for Acts of the Other Party**

Franchisor and Franchisee may not make any impress or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with Franchisee is other than franchisor and franchisee. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising from Franchisee's operation of the business Franchisee conduct under this Agreement.

#### **21.18. Disavowal of Oral Representations**

You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the Franchised Business other than contained in this agreement and in the Franchise disclosure document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations, warranties, r guarantees express or implied regarding actual or potential earnings sales profits or success of your Franchised Business have been made to you other than as forth in item 19 of the FDD.

#### **21.19. Business Judgement**

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledge that Franchisor specifically reserve the full right and privilege, as Franchisor deem best according to their business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. Franchisee have no right to require Franchisor to grant Franchisor a

similar variation or accommodation. Franchisor has the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves Franchisor's right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action,

Franchisor may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to Franchisor and their judgment of what is best for Franchisor, franchisees generally, or the Franchise System when Franchisor make their decision, whether or not Franchisor could have made other reasonable or even arguably preferable alternative decisions and whether or not Franchisor decision promotes our financial or other individual interest. Franchisor acknowledge and agree that this exercise of our business judgement is not reviewable by a judge or arbitrator.

## **22. DISPUTE RESOLUTION**

### **22.1. Choice of Law**

Except to the extent this Agreement or any particular dispute is governed by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles).

### **22.2. Consent to Jurisdiction**

Any action brought by either party against the other, except those claims subject to being resolved by mediation, shall only be brought and maintained exclusively in the Federal or state courts situated in the judicial district in which Franchisor maintains its principal business address at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Notwithstanding the foregoing, claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

### **22.3. Cumulative Rights and Remedies**

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

### **22.4. Limitations of Claims**

22.4.1. To the extent permitted by law, with respect to any claim which arises out of or relates to this agreement or the dealings of the parties ("Claim"), such Claim must be brought within two years and a day after the cause of action accrues.

22.4.2. In addition, to the extent permitted by law, Franchisee agrees to bring no Claim until meeting personally with the Chief Executive Officer of Franchisor in Collin County, Texas to conduct settlement negotiations in person. Both parties agree to reasonably cooperate to schedule any requested settlement conference within 30 days of request.

### **22.5. Limitation of Damages**

Franchisee waives, to the extent permitted by law, any claim for consequential, punitive or exemplary damages against the Franchisor in any Claim. Further, in any Claim, Franchisee agrees, to the extent permitted by law, that its maximum damages recoverable by Franchisee for any claims whether arising under contract or tort law shall be limited to a refund of Franchisee's Initial Franchise Fee and Royalty Fees paid to Franchisor within the past 18-month period.

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

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM AGAINST

THE OTHER. EACH PARTY ALSO WAIVES THE RIGHT TO SEEK OR RECOVER PUNITIVE DAMAGES IN ANY SUCH ACTION.

## **22.7. Mediation**

22.7.1 The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Integrity 1st Car Pros Franchise, you, and each Owner agree to submit to mediation any claim, controversy, or dispute between Integrity 1st Car Pros Franchise or its Affiliates (and Integrity 1st Car Pros Franchise's and its Affiliate's respective owners, officers, directors, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or related to (a) this Agreement or any other agreement between Integrity 1st Car Pros Franchise and you, (b) Integrity 1st Car Pros Franchise's relationship with you, or (c) the validity of this Agreement or any other agreement between Integrity 1st Car Pros Franchise and you, before bringing such claim, controversy, or dispute in a court or before any other tribunal. Excepted from the requirement to mediate under this Section 22.7 are claims related to Franchisee's nonpayment of any fees under this Agreement to Franchisor, and prior termination of this Agreement by either party for whatever reason. Any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation or arbitration. Mediation must be conducted in person, and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes.

22.7.2 The mediation shall be conducted by a mediator agreed upon by Integrity 1st Car Pros Franchise and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Integrity 1st Car Pros Franchise maintains its principal business address at the time of mediation. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

22.7.3 Any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation or arbitration. Mediation must be conducted in person, and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussing non-material mediation-related matters.

22.7.4 If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 23.2. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

22.7.5 Notwithstanding the foregoing provisions of this Section 23.7, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Integrity 1st Car Pros Franchise pursuant to this Agreement, the Marks, Copyrighted Works, or Integrity 1st Car Pros Franchise's Confidential Information, or termination of this Agreement by either party for whatever reason. Moreover, regardless of this mediation agreement, Integrity 1st Car Pros Franchise and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

## **22.8. Arbitration**

22.8.1 If mediation is unsuccessful, and except as expressly set forth herein, all disputes, claims and controversies arising out of or relating to this Agreement or any other agreement between the parties hereto or a breach thereof shall be settled totally and finally by arbitration in city in which Franchisor maintains its principal place of business at the time the arbitration is initiated or such other location as the parties prescribe in accordance with this Agreement and the Commercial Arbitration Rules of the AAA (the

“Rules”). Excepted from this requirement to arbitrate under this Section 22.8 are claims related to Franchisee’s nonpayment of any fees under this Agreement to Franchisor. Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may be presented as evidence in arbitration. Parties and their counsel must be present in-person for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 22.8.

22.8.2 Such arbitration shall be conducted before a single arbitrator selected by the mutual agreement of the parties. If the parties cannot agree upon a single arbitrator within 30 days after written demand for arbitration, the arbitrator will be selected pursuant to the Rules. All arbitrators shall be knowledgeable and have experience in the franchise industry and be selected from the panel which the AAA provides. Each party to the arbitration shall be responsible for their own cost and expenses of arbitration, including legal and filing fees. In the arbitration, any and all pretrial discovery methods, including, but not limited to, the taking of depositions of witnesses, written interrogatories, request for production, inspection and copying and documents shall be available to the parties subject to the reasonable limitations set forth by the arbitrator. The presentations of the parties and the arbitration proceedings shall be commenced and completed within 60 days after selection of the arbitrator and the arbitrator shall render its decision in writing within 30 days after completion of such presentations. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. At the request of any party, the arbitrator shall make and provide to the parties, written findings of facts and conclusions of law. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

22.8.3 Furthermore, notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity, use, or registration of any Mark, copyright or proprietary or Confidential Information of Franchisor, without Franchisor’s prior written consent. Franchisor may seek any applicable remedy in any applicable forum with respect to these disputes. In addition to obtaining monetary damages, Franchisor may obtain injunctive relief against misuse of its Marks, copyrights, or Confidential Information.

22.8.4 Notwithstanding the foregoing, nothing contained herein shall be construed to limit or prevent Franchisor from terminating this Agreement or applying to and obtaining from any court, having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction or any other injunctive or emergency relief available to safeguard and protect Franchisor’s interests prior to the filing of or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.

22.8.5 Nothing contained herein shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend or modify, add to or subtract from any provisions of this Agreement.

22.8.6 Arbitration will be conducted on an individual, and not a class-wide basis, and the arbitration may not be joined or consolidated with any other proceeding.

22.8.7 Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may be presented as evidence in arbitration. Parties and their counsel must be present in-person for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters and remote non-party witnesses only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 22.8.

22.8.8 Notwithstanding the foregoing provisions of this Section 22.8, the parties’ agreement to Arbitrate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Integrity 1st Car Pros or its Affiliates pursuant to this Agreement, the Marks, Copyrighted Works, or Integrity 1st Car Pros’s Confidential Information. Moreover, regardless of this arbitration agreement,

Integrity 1st Car Pros and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

## **22.9. CLASS ACTION WAIVER**

**EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE OR ARBITRATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY. TO THE EXTENT PERMITTED BY LAW, IN ANY CLAIM BROUGHT BY FRANCHISEE, FRANCHISEE AGREES TO BRING SUCH CLAIM INDIVIDUALLY AND NOT BRING OR JOIN IN A CLASS ACTION.**

## **22.10. No Waiver or Disclaimer of Reliance in Certain States.**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **23. ACKNOWLEDGMENTS**

### **23.1. Reasonable Restrictions.**

You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement, including, without limitation, the covenants not to compete, the restrictions on assignment, and the rights, obligations, and remedies conferred upon you under this Agreement. You acknowledge that such restrictions, rights, obligations, and remedies: (1) are reasonable, including, but not limited to, their term and geographic scope; (2) are designed to preclude competition which would be unfair to Franchisor; (3) are fully required to protect Franchisor's legitimate business interests; and, (4) do not confer benefits upon Franchisor that are disproportionate to your detriment.

### **23.2. Patriot Act.**

You represent and warrant that to your actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in

writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

### **23.3. No Violation of Other Agreements**

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

**The acknowledgments in clauses 23.4 through 23.10 below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

### **23.4. Receipt of Disclosure Document.**

You hereby acknowledge that you received from Franchisor its current franchise disclosure document, together with a copy of all proposed agreements related to the sale of the Franchise, at least 14 calendar days prior to the execution of this Agreement or at least 14 days before you paid us any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.

### **23.5. Receipt of Agreement.**

You hereby acknowledge that you received from Franchisor this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions, and obligations of this Agreement and agree to be bound thereby.

### **23.6. Independent Investigation.**

You acknowledge and represent that you are entering into this Agreement, all attachments hereto, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of all aspects relating to the Franchised Business, and not as a result of any representations about Franchisor or your reliance on any such representations (if made) by its stakeholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law. You have been advised and given the opportunity to independently investigate, analyze, and construe the business opportunity being offered under this Agreement, the terms and provisions of this Agreement, and the prospects for the Franchised Business, using the services of legal counsel, accountants, or other advisers of your own choosing; you have either consulted with these advisors or have deliberately declined to do so. You further recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person. This offering is not a security as that term is defined under applicable federal and state securities laws.

### **23.7. No Representations; No Reliance.**

You acknowledge and represent that, except for representations made in Franchisor's current franchise disclosure document, neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representations, warranties, or guarantees, express or implied, as to the potential revenues, profits, expenses, sales volume, earnings, income, or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations (if made) in making your decision to purchase an The Little Gym franchise. You further acknowledge and represent that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

### **23.8. No Financial Performance Representations; No Reliance.**

You specifically acknowledge that the only financial performance information furnished by Franchisor is set forth in Item 19 of its current franchise disclosure document; that no officer, director,

employee, agent, representative or independent contractor of Franchisor is authorized to furnish you with any other financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Section 24.G., “financial performance information” means information given, whether orally, in writing, or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or Franchisor-owned facilities.

**23.9. No Licensure Representations; No Reliance.**

You acknowledge that neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representation or statement on which you have relied regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement

**23.10. Other Franchisees**

You acknowledge that other Franchised Business franchisees have or will be granted franchisees at different times and in different situations and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our Franchised Businesses (whether franchised or centers that we or our affiliates operate) and you will not be entitled require us to grant similar variations or privileges to you.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby have duly executed this Agreement as of the Effective Date as stated on the Summary Page.

**FRANCHISOR:**  
**Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Kevin Syed, Chief Executive Officer

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

**ATTACHMENT 1**  
**Integrity 1st Car Pros Franchise Agreement**  
**KEY TERMS**

1. Section 1.1.1 Franchisee’s Territory is described as follows:

\_\_\_\_\_.

2. Section 1.2.2. The street address (or detailed description of the premises) of the location for the Franchised Business Office is: \_\_\_\_\_.

4. Section 3.2. The Royalty Fee/Split Profits is payable in accordance with the following timeline:

The greater of:

<b>Split Profits to Franchisor</b>	<b>OR</b>	<b>Minimum Monthly Royalty Fee</b>
First 12 months – 50%		First 12 months – \$4,500
Months 13 - 24 – 45%		Months 13 - 24 – \$9,000
Months 25- 36 - 40%		Months 25- 36 -\$10,000
Months 37 - 48 – 35%		Months 37 - 48 – end of term: \$8,750
Months 49 through Term of the Agreement 30% (subject to other terms as specified in Section 3.2 of the Franchise Agreement)		Months 49 through Term of the Agreement: \$8,750

Note: Franchisee hereby acknowledges and agrees that if there is any discrepancy or conflict between this Key Terms page and the Section 3.2 of the Franchise Agreement the terms of the Section 3.2 of the Franchise Agreement shall govern.

5. Section 8.5. Franchisee’s Site Selection Area is described as follows:

\_\_\_\_\_.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Attachment 1, effective as of the Effective Date.

**FRANCHISOR:**  
**Integrity 1st Car Pros Franchise Holdings LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Kevin Syed, Chief Executive Officer

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

## ATTACHMENT 2

### NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This “Agreement” made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_, (“Franchisee”) and \_\_\_\_\_ (“Individual”).

#### WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (“Franchise Agreement”) by and between Franchisee and the Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC (“Company”); and

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

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

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) restoration services and other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

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

#### 1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Integrity 1st Car Pros Franchise Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to Integrity 1st Car Pros Franchise Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained

from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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

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

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

b) Individual’s obligations under Section 2(a) of this Agreement shall continue in effect after termination of Individual’s relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Integrity 1st Car Pros Franchise Business.

## **3. Non-Competition**

a) During the term of Individual’s relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company’s service mark “Integrity 1st Car Pros Franchise” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Integrity 1st Car Pros Franchise Businesses or the Company’s uniform standards, methods, procedures and specifications for the establishment and operation of Integrity 1st Car Pros Franchise Businesses.

b) During the term of Individual’s relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisor.

c) Except as otherwise approved in writing by Franchisor, Individual shall not, for a period of two (2) years after the termination of the Individual’s relationship with Franchisor, either directly or indirectly, own an interest in, manage, or operate any Competitive Business in the Franchisee’s Territory (as defined in the Franchisee’s Franchise Agreement), or within twenty-five (25) miles from the perimeter of the Franchisee’s Territory that Individual was previously affiliated with.

d) During the term of Individual’s relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or

otherwise attempt to induce or influence any customer or other business associate of Franchisee, Company or any other Integrity 1st Car Pros Franchise Business to compete against, or terminate or modify their business relationship with, Franchisee, Company or any other Integrity 1st Car Pros Franchise Business.

#### **4. Reasonableness of Restrictions**

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

#### **5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

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

#### **6. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Collin County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

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

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its

subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

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

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

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

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

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

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

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

**FRANCHISEE:**

**INDIVIDUAL:**

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

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

**ATTACHMENT 2-A**  
**NONDISCLOSURE AGREEMENT**

This “Agreement” made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_, (“Franchisee”) and \_\_\_\_\_ (“Individual”).

**WITNESSETH:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (“Franchise Agreement”) by and between Franchisee and the Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC (“Company”); and

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

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

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) restoration services and other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

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

**1. Trade Secrets and Confidential Information**

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Integrity 1st Car Pros Franchise Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to Integrity 1st Car Pros Franchise Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained

from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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

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

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

b) Individual’s obligations under Section 2(a) of this Agreement shall continue in effect after termination of Individual’s relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Integrity 1st Car Pros Franchise Business.

## **3. Non-Solicitation**

d) During the term of Individual’s relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisee, Company or any other Integrity 1st Car Pros Franchise Business to compete against, or terminate or modify their business relationship with, Franchisee, Company or any other Integrity 1st Car Pros Franchise Business.

## **4. Reasonableness of Restrictions**

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

## **5. Relief for Breaches of Confidentiality and Non-Solicitation**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to

show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

## **6. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Collin County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

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

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the all provisions contained herein.

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

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

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

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

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

preclude any other or further exercise thereof.

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

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

**FRANCHISEE:**

**INDIVIDUAL:**

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

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

### ATTACHMENT 3

#### UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (whether one or more “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated \_\_\_\_\_ (“Agreement”) by Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Texas and the United States District Court located in or serving Collin County, Texas and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute

arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**GUARANTOR**

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

HOME ADDRESS:

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: \_\_\_\_%

**ATTACHMENT 4**

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST  
IN FRANCHISEE; GOVERNING PERSONS**

**If the Franchisee operates the business other than as a sole proprietorship, please complete the following:**

(a) Franchisee is a [TYPE OF ENTITY], formed under the laws of the state of [STATE] on [DATE OF FORMATION].

(b) The following individuals or entities hold a legal or beneficial interest in the Franchisee:

<b>Name</b>	<b>Home Address</b>	<b>Telephone Number</b>	<b>Email Address</b>	<b>% of Ownership</b>

(c) The following individuals are the Franchisee’s governing persons:

<b>Name</b>	<b>Home Address</b>	<b>Telephone Number</b>	<b>Email Address</b>	<b>Title</b>

(d) The Designated Manager’s name is: \_\_\_\_\_  
The Designated Manager’s email address is: \_\_\_\_\_  
The Designated Manager’s phone number is: \_\_\_\_\_

**ATTACHMENT 5**

**ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE HOLDINGS LLC (“PAYEE”)**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, “debits”) drawn on such account which are payable to the above-named Payee. It is agreed that Depository’s rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least 30 days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

3) To defend at Depositor’s own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository’s or Payee’s participation therein.

Name of Depository: \_\_\_\_\_ Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_

(Please attach one voided check for the above account)

Franchise Business Office: \_\_\_\_\_ Office #: \_\_\_\_\_

Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

Name of Franchisee/ Depositor (please print): \_\_\_\_\_

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

Title of Authorized Representative: \_\_\_\_\_

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

**ATTACHMENT 6**

**TELEPHONE NUMBER AND WEBSITE URL ASSIGNMENT AGREEMENT**

**THIS TELEPHONE NUMBER AND WEBSITE URL ASSIGNMENT AGREEMENT** is made this \_\_\_\_ day of 20 \_\_\_\_, between Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC, (“we,” “us”, or “our”) and the franchisee named below (“you” or “your”).

**BACKGROUND**

- A. The parties are entering into one or more Integrity 1<sup>st</sup> Car Pros Franchise Agreements.
- B. As a condition to signing the Franchise Agreement(s), we have required that you assign all of your right, title and interest in the telephone numbers and website URLs relating to the Integrity 1st Car Pros Franchise(s) to us upon the expiration or termination of any of the Franchise Agreements.

The parties agree as follows:

**TERMS**

1. **Assignment and Assumption.** In order to secure continuity and stability of our operation of the Integrity 1st Car Pros System, immediately upon the expiration or termination of any of your Integrity 1st Car Pros Franchise Agreement(s), this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, telephone listings, and website URLs pursuant to the expired or terminated Integrity 1st Car Pros Franchise Agreement(s) without further action on your part. We, in consideration of the transfer of telephone numbers and website URLs, assume, as of this date, all future obligations of the present subscriber for the telephone numbers and website URLs. Your “website URLs” refers to any Internet domain names you register, adopt, or use to promote your Integrity 1st Car Pros franchise, including any URLs listed below, as well as the below associated telephone numbers:

URLs: \_\_\_\_\_

Telephone Numbers: \_\_\_\_\_

- 3. **Your Representation and Warranties.** You represent, warrant and covenant to us that:
  - (a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone and URL hosting services must be paid and current.
  - (b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.
  - (c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.
  - (d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.
  - (e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers and website URLs and you have obtained all necessary consents to this Assignment.
- 4. **Further Actions.** You agree to take any other steps and execute any other documents required by the telephone service provider and domain name hosting company to make the assignments contemplated by this Agreement.

5. **Miscellaneous.** The validity, construction and performance of this Assignment is governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

**FRANCHISOR:**  
**Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Kevin Syed, Chief Executive Officer

By: \_\_\_\_\_  
\_\_\_\_\_, Its:

**ATTACHMENT 7**

**COMMERCIAL LEASE**



## INTEGRITY 1<sup>ST</sup> CAR PROS SHOP LEASE

This Integrity 1<sup>st</sup> Car Pros Shop Lease (“**Lease**”), made as of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_, a \_\_\_\_\_ limited liability company (“**Lessor**”), having its office at 3330 Independence Pkwy #300, Plano, Texas 75023, and [LESSEE/FRANCHISEE], a [State] [Limited Liability Company] (“**Lessee**”), having its principle business office located at \_\_\_\_\_. Lessor and Lessee agree as follows:

**1. LEASE OF PREMISES:** Subject to any easement, restriction, covenant, condition or other matter of record, Lessor hereby leases to Lessee, and Lessee hires from Lessor, on the terms and conditions hereinafter set forth, those certain premises together with the building, improvements and appurtenances thereto, commonly known as \_\_\_\_\_, more particularly described in Exhibit A attached hereto and made a part hereof (“**Premises**”). Lessee hereby acknowledges and agrees that this Lease is a triple net lease.

**2. TERM:** (a) The term of this Lease will commence on \_\_\_\_\_ (“**Commencement Date**”), and expire on \_\_\_\_\_. The initial term including any extensions or renewals shall be defined as the “Term.” If the Commencement Date is a day other than the first day of the calendar month, then the initial term shall include that period of time from the Commencement Date up to the first day of the next calendar month and any subsequent lease year shall be the twelve (12) month period beginning on the first day of such month.

(b) In conjunction with the execution of this Lease, Lessee is entering into a franchise agreement with Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC (Lessor’s affiliate, “**Franchisor**”) (“**Franchise Agreement**”). The term Franchise Agreement shall include any extension of the franchise agreement or franchise relationship, any renewal of the franchise agreement and, in Lessor’s sole discretion, any operating agreement or license under which the business continues to operate following the termination or expiration of the Franchise Agreement.

(c) Lessee agrees that if the Franchise Agreement expires or is terminated for any reason by Lessee or Franchisor or in any manner, Lessor shall have the unqualified and absolute right to terminate this Lease upon written notice to Lessee. Upon giving such notice, Lessor shall have the right to immediately re-enter and take possession of the Premises or it may institute summary or holdover proceedings to evict Lessee and all those in possession of the Premises by reason of the termination of this Lease as herein provided. Lessee acknowledges and agrees that the foregoing termination provision is a material business term of this Lease (and is in addition to, and separate and distinct from, the

termination of this Lease as a Lessor remedy upon an Event of Default, as hereinafter defined).

**3. RENT:** (a) The rent payable by Lessee to Lessor during each year of the Term shall be: (i) fixed minimum rent in the amount of \$ \_\_\_\_\_/year, payable in monthly installments of \$ \_\_\_\_\_.

\$\_\_ (“**Fixed Minimum Rent**”) or (ii) 7% of “Gross Revenue” (as hereinafter defined) during such year (“**Percentage Rent**”); **WHICHEVER SHALL BE THE LARGER AMOUNT.** Fixed Minimum Rent shall increase yearly by one and one half percent (1.5%) over the previous Fixed Minimum Rent on each anniversary of the Commencement date (and such Fixed Minimum Rent may also be increased as described in Section 3(e) below.). “**Rent**” shall mean Fixed Minimum Rent and Percentage Rent, collectively. “**Additional Rent**” shall mean all other monetary obligations of Lessee under this Lease including, but not limited to, Taxes (as hereinafter defined).

(b) Rent and Additional Rent shall be absolutely net to Lessor without any right of offset, deduction, claim or withholding by Lessee, so that this Lease shall yield to Lessor the Rent and Additional Rent specified during the Term. All costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be paid and performed by Lessee.

(c) Fixed Minimum Rent installments shall be paid on the first day of each month in advance. All payments of Fixed Minimum Rent, Percentage Rent, Taxes (as defined below) and other Additional Rent due under this Lease shall be made by electronic payment transactions through automated clearing house debits. Lessee hereby authorizes Lessor to debit from its bank account the amount of such payments on the first day of each month or on such other applicable due date or any time thereafter. The foregoing authorization shall be self-operative and need no further written agreement; provided, however, Lessee shall, upon request, sign Lessor’s standard “ACH Agreement”. If Lessor directs Lessee in writing to do so, the foregoing payments shall be made to Lessor at 3330 Independence Pkwy, #300, Plano, TX 75023, or at such other place, or in such other manner, designated by Lessor.

(d) With respect to Percentage Rent and Gross Revenue:

(i) “**Gross Revenue**” shall mean and include all sales of merchandise or products of any kind and all charges for service or labor done in, on and from the Premises for cash or credit regardless of the collection thereof, but excluding sales taxes and bona fide refunds. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Revenue also includes the proceeds of any business interruption insurance paid to you. Gross revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenue.

(ii) Lessee shall deliver to Lessor, on or before March 1st of each year of the Term (or within 60 days after the termination or expiration of the Term, if the Term does not end on December 31st), a statement of Gross Revenue for the previous year, which statement shall be certified by Lessee and signed by Lessee’s accountant.

(iii) Concurrently with the delivery of said statement, Lessee shall pay as Percentage Rent owing for the previous year, the total Percentage Rent payable for the year

(or partial year) less the total Fixed Minimum Rent paid for the previous year.

(iv) Lessee shall keep and preserve for at least three (3) years after delivery of the annual statement under the above (ii) full, complete and true records of all sales and business transactions, including bank statements, in manner and form satisfactory to Lessor. Lessor's representatives shall have access to said records at any and all reasonable times for the purposes of examination or audit thereof to verify said annual statements.

(v) For purposes of Section 3, "year" shall mean calendar year ending December 31st.

(e) On or before 210 days prior to the 5<sup>th</sup> anniversary of the Commencement Date, Lessor may, in its sole discretion, make and submit to Lessee, a written Fair Market Rent proposal to apply beginning on the 5<sup>th</sup> anniversary of the Commencement Date. "**Fair Market Rent**" shall be defined as the then fair market rent for the Premises reflecting the physical condition of the Premises at such time (including an adjustment for any needed repairs or maintenance).

(i) Lessor's Fair Market Rent proposal shall become the Fixed Minimum Rent beginning on the 5<sup>th</sup> anniversary of the Commencement Date for the remainder of the Term, unless within 30 days following Lessee's receipt of Lessor's proposal:

(1) Lessor and Lessee agree on a different Fair Market Rent which shall then become the Fixed Minimum Rent; or

(2) Lessee makes a written, alternate Fair Market Rent proposal to Lessor ("**Lessee's Proposal**"). If the parties do not agree on the Fair Market Rent within 15 days after Lessor receives Lessee's Proposal, the Fair Market Rent shall be determined by arbitration conducted by the American Arbitration Association ("**AAA**") in accordance with the process set forth in Subsection 3(e)(ii) hereof;

(ii) if the Fair Market Rent is to be determined by arbitration, Lessor and Lessee shall jointly submit the arbitration to the AAA. If either party fails to sign the joint submission within five days after request by the other party, either party shall have the right to initiate the arbitration alone. Submission of the arbitration to the AAA under this Subsection 3(e)(ii) is sometimes referred to herein as "**Submission**". The arbitration shall be conducted:

(1) pursuant to the AAA's "Arbitration Rules for the Real Estate Industry", except as otherwise stated herein;

(2) by a single arbitrator appointed by the AAA; provided, however, either party shall have the right to require that the arbitration be conducted by three arbitrators provided that such right is exercised no later than the time of Submission, in which event each party shall select an arbitrator within 15 days following Submission and the two arbitrators shall appoint a third arbitrator;

(3) in the city of the AAA's local or regional office nearest the Premises;

(4) under the AAA's "Expedited Procedures" process;

(5) without depositions, but with document discovery;

(6) on documents submitted by each party and without a hearing;

(7) in the "baseball arbitration" style with the arbitrator(s) being limited to choosing either Lessee's Proposal or Lessor's Proposal;

(8) without a reasoned opinion;

(9) with the arbitrator(s) being required to issue his/her/their decision within 45 days after Submission, and, to that end, the arbitrator(s) shall have the right to schedule the arbitration process accordingly;

(10) with each party paying its own costs and expenses (including, but not limited to, appraiser and attorney fees). In a single arbitrator proceeding, Lessor shall pay the arbitrator's fee, the AAA's fee and the administrative costs of the arbitration. In a three-arbitrator proceeding, each party shall pay the fee of the arbitrator it selected, one-half of the AAA's fee for a single arbitrator proceeding and one-half of the administrative costs of a single arbitrator proceeding, and the party requesting the three-arbitrator proceeding shall pay the third arbitrator's fee, any additional fee charged by the AAA for a three-arbitrator proceeding and the administrative costs in excess of those for a single arbitrator proceeding; and

(11) with the decision of the arbitrator(s) being binding on Lessor and Lessee. Notwithstanding anything to the contrary contained herein, the decision of the arbitrator shall not reduce the Fixed Minimum Rent below the amount of the Fixed Minimum Rent in effect when the Lessor's Proposal was initially submitted to Lessee.

(f) Additionally, Lessor shall be entitled to submit a written Fair Market Rent proposal 210 days prior to the 10<sup>th</sup>, 15<sup>th</sup>, and 20<sup>th</sup> anniversary (if applicable) of the Commencement Date as provided herein for a new determination of Fair Market Rent for the Premises utilizing the same time frames and processes described herein (with the new Fixed Minimum Rent amount becoming effective on each such anniversary date).

**4. SECURITY DEPOSIT:** Upon execution of this Lease, Lessee shall deposit with Lessor an amount equal to one month's Fixed Minimum Rent and Taxes as a security deposit ("**Security Deposit**"). Lessor shall have the right from time-to-time during the Term to increase the required Security Deposit to an amount equal to the one-twelfth of the total of the then-current annual Fixed Minimum Rent and Taxes. The Security Deposit shall be held by Lessor, without any obligation to pay interest thereon, as security for the performance by Lessee of its covenants and obligations under this Lease, it being expressly agreed that the Security Deposit is not an advance payment of Rent or a measure of Lessor's damages in the event of any breach or default by Lessee. If at any time during the Term any Rent or Additional Rent is overdue or if Lessee fails to perform and keep any of its covenants or obligations under this Lease, Lessor may, at its option, apply any portion of the Security Deposit to the payment of such overdue Rent or Additional Rent or to compensate Lessor for loss, cost or damage sustained, incurred or suffered by it due to such breach by Lessee. If the Security Deposit or any portion thereof is applied by Lessor, Lessee shall, upon written demand of Lessor, remit to Lessor a sufficient amount to restore the Security Deposit to the amount required to be on deposit at that time. Any portion of the Security Deposit on deposit at the expiration or termination of this Lease shall be returned Lessee at such time (if any) as Lessor determines that Lessee had fulfilled its obligations under this Lease; provided, however, Lessee expressly acknowledges and agrees that the return of any portion of the Security Deposit by Lessor shall not be deemed to be an admission by Lessor that Lessee has fulfilled any of its obligations under this Lease. If Lessor applies the Security Deposit in accordance with the terms of this paragraph, such application shall not constitute a waiver of any of Lessor's rights or remedies under this Lease, nor shall such application constitute an accord and satisfaction. Lessor shall have the

right to commingle the Security Deposit with Lessor's other funds, and Lessee hereby consents thereto.

**5. USE:**

(a) Lessee shall use the Premises solely for the activities authorized by the Franchise Agreement and none other.

(b) Lessee shall, during the Term, occupy the Premises and diligently operate its business at the Premises and keep the business open to the public during the business days and hours which Franchisor from time-to-time prescribes.

(c) Lessee, in its use, occupancy, maintenance and repair of the Premises, shall comply with all the terms and conditions of the Franchise Agreement.

**6. CONDITION OF PREMISES; MAINTENANCE:** (a) Lessee acknowledges and agrees that it has inspected, or has had a sufficient opportunity to inspect, the Premises and hereby accepts the Premises "AS-IS" and "WHERE-IS" with no representation or warranty by Lessor as to the condition of the Premises or the fitness of the Premises for any particular purpose or use.

(b) Lessee shall, at its expense, at all times during the Term keep the entire Premises including, but not limited to, the interior and exterior, structural and non-structural elements, foundation, floor, roof and roof system, utility systems and installations, parking area and driveways, sidewalks, landscaping, immediately surrounding areas, appurtenances, fixtures and equipment in good, safe, clean, sanitary, debris-free and well-maintained condition and shall do and make, on a timely and diligent basis, all maintenance, repairs and replacements as are necessary and appropriate to keep the Premises in the condition required by this Lease, regardless whether the benefit of such maintenance, repairs and replacements may extend beyond the Term. Without limiting the foregoing, Lessee shall keep and maintain the Integrity 1<sup>st</sup> Car Pros Shop at the Premises in accordance with the requirements of the Franchise Agreement relating to interior and exterior design and appearance, Franchisor indicia, painting and décor, floor layout, character of interior furnishings, signs, emblems, logos, lettering, pictorial materials and condition of the Integrity 1<sup>st</sup> Car Pros Shop premises.

(c) Upon expiration or termination of this Lease, Lessee shall deliver the Premises to Lessor in the condition required by Section 6(b), reasonable wear and use excepted.

**7. LESSOR RIGHTS:** Lessor and its agents shall have right to enter the Premises at all reasonable times for the purpose of inspecting, testing (including doing environmental tests and interior and exterior borings), maintaining or repairing the Premises (without having any obligation to do so) or showing the Premises to prospective buyers, tenants or lenders. During the 120 days prior to the expiration or termination of this Lease, Lessor may display "for rent" type signs on the Premises. Lessor shall have the right to display "property for sale" type signs at any time. Lessor shall have the right to display "franchise available" type signs on the Premises and to show the Premises to prospective franchisees any time Lessee has indicated to Franchisor that it intends to terminate, or not renew, the Franchise Agreement or any time the Franchise Agreement is subject to termination for any reason.

**8. ALTERATIONS:** Lessee shall not make any alterations, improvements or

additions to the Premises (“**Alterations**”) without first obtaining the written consent of Lessor, which Lessor may grant or deny in its sole discretion. In the event Lessor consents to Alterations, the same shall be made by Lessee at Lessee’s sole expense by a licensed contractor and according to plans and specifications approved by Lessor and subject to such other conditions as Lessor may require. Any Alterations shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply with all Laws (as hereinafter defined) and all terms of this Lease. Upon completion of any Alterations, Lessee shall promptly give Lessor: (i) evidence of full payment to all laborers and materialmen together with all appropriate final lien waiver and release documents; (ii) an architect’s certificate certifying the Alterations to have been completed in conformity with the approved plans and specifications; and (iii) a certificate of occupancy. Lessee shall file or record, as appropriate, a “notice of non-responsibility”, disclaiming Lessor’s responsibility, or any equivalent notice permitted under Laws, with respect to the Alterations. Any Alterations shall be deemed a part of the Premises and belong to Lessor, and Lessee shall execute and deliver to Lessor such instruments as Lessor may require to evidence Lessor’s ownership. Upon expiration or termination of this Lease, Lessee, if directed by Lessor, shall remove any Alterations and restore the Premises to its original condition, making any repairs at Lessee’s sole cost and expense.

**9. TAXES; UTILITIES:** (a) Lessee shall pay prior to delinquency pursuant to bills procured and timely submitted to Lessee by Lessor any and all (including annual or annualized) taxes and assessments levied, imposed or assessed on the Premises (“**Tax(es)**”) subsequent to the Lease commencement date, and Lessor shall be required to pay no Taxes during the Term. Lessee shall exhibit receipts for Tax payments to Lessor promptly upon payment thereof. Lessee may, at its expense, contest Taxes, in the name of Lessor, if necessary, at all times indemnifying and holding Lessor harmless from liability for all Taxes. Taxes accrued but not yet paid as of the date of this Lease shall be paid by Lessee notwithstanding that such Taxes relate to periods prior to the Commencement Date. Taxes for the year in which this Lease terminates or expires shall be prorated so that Lessee shall pay the Taxes for any year falling partially within the existing Term, said proration to be based upon the number of days of the then current tax fiscal year falling within the existing Term.

(b) Lessee shall also pay promptly when due any tax levied, imposed or assessed on or against the rent paid or collected under this Lease, whether the same be called a rent tax, sales tax, excise tax, gross receipts tax, general services tax, or otherwise, irrespective of whether such tax is in lieu of or in addition to taxes and assessments levied, imposed or assessed on the Premises (“**Rent Tax**”). Lessee shall reimburse Lessor any Rent Tax which Lessor is required to pay or, in fact, pays.

(c) At Lessor’s sole discretion, Lessee shall deposit with Lessor (in addition to paying Fixed Minimum Rent) on the first day of each month a sum equal to one-twelfth (1/12th) of the annual or annualized Taxes due and payable for that particular calendar year, and (if applicable) Rent Tax so that as each installment becomes due and payable, Lessee shall have on deposit with Lessor a sum sufficient to pay it. If the actual Taxes have not been ascertained at the time a monthly deposit is due under this Lease, Lessee shall deposit such amount as is reasonably estimated by Lessor. Lessor shall have the right, to be exercised in its reasonable discretion, to determine and set the amount of the monthly deposit from time to time. Lessor shall also have the right to require Lessee to deposit a lump sum sufficient to pay each Tax installment and to also pay the Taxes for the current

period. When a Tax bill is received, if the actual Taxes are more than the amount deposited by Lessee for the period covered by the Tax bill, Lessee shall pay such amount to Lessor forthwith upon demand. If the actual Taxes are less than the amount deposited by Lessee for the period covered by the Tax bill, Lessor may retain the excess on deposit for the payment of future Taxes. Lessor shall not be responsible for the validity, accuracy or reasonableness of Taxes. Lessor shall have no obligation to pay interest on Lessee's Tax and Rent Tax deposits, and Lessee hereby expressly waives any right, statutory or otherwise, to have Lessor pay interest. Upon expiration or termination of this Lease, when the actual Taxes for the last year(s) of the Term are billed, Lessee shall pay Lessor, upon demand, the difference between the actual Taxes and the amount of Taxes previously deposited for such year(s), or portion thereof, by Lessee. Notwithstanding anything to the contrary herein, if Lessee should fail to pay any Tax payment required herein, in addition to any other remedies provided herein, Lessor may, if it so elects, pay such Taxes. Any sums so paid by Lessor shall be deemed to be Additional Rent owing by Lessee to Lessor and due and payable upon demand as Additional Rent plus interest pursuant to Section 30 from the date of payment by Lessor until repaid by Lessee.

(d) Lessee shall pay for all water, gas, electricity, phone, data transmission, wireless services and other utilities serving the Premises.

**10. LICENSES AND COMPLIANCE WITH LAWS:** Lessee shall comply with all Laws and shall not use, or permit the use of, the Premises in violation of any Laws. "Laws" shall be defined as all applicable governmental and quasi-governmental laws, statutes, ordinances, regulations and orders including, but not limited to Environmental Laws (as hereafter defined) and the ADA (as hereafter defined). Lessee agrees that it shall be responsible for complying in all respects with the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder, and all state and local Laws relating to disabled or handicapped persons (collectively, "ADA"), affecting the Premises including, but not limited to, making required so-called readily achievable or reasonable changes to remove any architectural or communications barriers and providing auxiliary aides and services at the Premises. Lessee shall maintain and procure at its own expense and responsibility all licenses, permits or inspection certificates required by any governmental authority respecting Lessee's use of, or business at, the Premises. Lessee may contest any Laws and, if required, may join Lessor's name as a nominal party in any such contest. In such event Lessee shall indemnify Lessor against any costs, penalties or attorney's fees incurred by or asserted against Lessor by virtue thereof.

**11. INSURANCE:** (a) During the entire Term, Lessee shall obtain, maintain in force and pay the premiums for, public liability insurance with completed operations coverage, with insurance companies acceptable to Lessor, with \$2,000,000 combined single limit coverage per occurrence (or such other amount as may be prescribed by Lessor from time to time in its sole and absolute discretion), as well as all other insurance policies and coverages as described in the Franchise Agreement or as otherwise prescribed by Lessor from time to time in its sole and absolute discretion. Such limits of liability shall be increased and/or modified, or additional types of coverage shall be obtained at the direction of Lessor, as and when changed circumstances so require. Said policies of insurance shall provide coverage on an "occurrence" rather than "claims made" basis. Said policies of insurance shall expressly protect Lessee, Lessor, Franchisor, Integrity 1<sup>st</sup> Car Pros Franchise

Holdings LLC and Lessor's mortgagee (Lessor, Franchisor, Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC and Lessor's mortgagee, individually and collectively, "**Insureds**") and shall require the insurer to defend Insured in any such action. Lessee shall furnish to Lessor a certified copy of each policy or a certificate with respect to each such policy evidencing the required coverage and naming Insureds as additional insureds, stating that coverage applies to "all operations during the policy period" and providing that such policy shall not be canceled, amended or modified except upon ten (10) days' prior written notice to Insureds. The additional insured endorsement must provide coverage at least as broad as the ISO CG2010 1001 together with the CG2037 1001. The coverage afforded Insureds must provide that such insurance shall be primary to any other insurance otherwise carried by Insured. Maintenance of the insurance required under this section shall not relieve Lessee of its indemnification obligations contained in this Lease. Lessee fails to procure or maintain in force any insurance as required by this section, or to furnish to Lessor the certified copies or certificates thereof required hereunder, Lessor may, in addition to all other rights and remedies available at law, in equity or by contract, procure such insurance, and, in such event, Lessee shall, upon demand by Lessor, reimburse Lessor for all premiums and other costs incurred in connection therewith.

(b) Lessee agrees, at its cost and expense during the Term, to keep the building and improvements on the Premises insured at full replacement value by reliable companies against damages caused by fire and against other risks covered by standard extended coverage with Insureds as additional insureds and with proceeds payable to Lessor or Lessor's mortgagee and Lessee, as their interests may appear. In the event Lessee fails to provide, or maintain in effect at any time during the Term, the required fire and extended coverage insurance, Lessor shall have the right to obtain such insurance on Lessee's behalf. The insurance obtained by Lessor shall be subject to certain loss deductible amounts depending upon the nature of the casualty, and Lessee shall be responsible for such loss deductible amounts. Such loss deductible amounts shall be subject to change from time to time. The insurance obtained by Lessor pursuant to this subparagraph may be via Lessor's blanket policies. Lessee shall, upon demand by Lessor, reimburse Lessor for all premiums and other costs incurred in connection with obtaining insurance pursuant to this subparagraph.

**12. INDEMNIFICATION:** Lessee agrees to indemnify, save harmless and defend (with counsel acceptable to Lessor) Lessor, its members, managers, officers, agents, employees, representatives, affiliates, subsidiaries, parents and any and all persons acting by, through, under or in concert with them, or any of them, from and against all claims of whatever nature arising from all of the following: (i) any act, omission or negligence of Lessee, or Lessee's contractors, agents, servants or employees; (ii) any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring during the Term in or on or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Lessee or Lessee's agents or employees; (iii) any act, omission or default under any of Lessee's obligations or undertakings in this Lease; and (iv) any alleged violation of Laws including, without limitation, Environmental Laws and the ADA. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities in or in connection with any such claim, governmental investigation, administrative proceeding or civil or criminal litigation arising therefrom, and the defense thereof, including reasonable attorney's fees and costs.

**13. WAIVER OF SUBROGATION RIGHTS:** Neither Lessor nor Lessee shall be liable to the other for any loss or damage from risks ordinarily insured against under

fire insurance policies with extended coverage endorsements, irrespective of whether such loss or damage results from their negligence or that of any of their agents, servants, employees, licensees or contractors.

**14. DESTRUCTION OF PREMISES:** In the event of damage to, or destruction of, the Premises by fire, act of God, or by any other cause, Lessee shall, at its cost, repair and restore the Premises within 150 days after the event of damage or destruction. Such damage or destruction shall not terminate this Lease, but Lessee shall be entitled to a proportionate reduction of rent from the event of damage or destruction until the Premises have been restored (but not to exceed 150 days) to be based on the extent to which the repairs or restoration interferes with the operation of Lessee's business. The determination of the amount and duration of the proportionate reduction shall be made by Lessor in its reasonable judgment. In the event Lessee fails to complete such repairs or restoration within said 150 days, Lessor shall have the right to terminate this Lease on 15 days written notice to Lessee. Lessor shall have the alternative right of completing said repairs or restoration, in which event Lessor's costs and expenses shall be paid by Lessee as Additional Rent within 15 days after demand by Lessor.

**15. EMINENT DOMAIN:** (a) "**Taking**" shall be defined as a taking of all or any part of the Premises or the commencement of any proceedings or negotiations which might result in a taking for any public or quasi-public purposes by exercise of the right of eminent domain, similar government power or agreement between Lessor, Lessee and/or the entity authorized to exercise such power or conduct such negotiations. If Lessee is notified of a Taking, Lessee shall promptly give written notice thereof to Lessor describing the nature and extent of the Taking together with copies of any documents or notices received in connection therewith.

(b) In case of a Taking of the entire Premises ("**Total Taking**"), this Lease shall terminate as of the date of the Total Taking, and all Rent, Taxes and Additional Rent shall be apportioned and paid to the date of the Total Taking. Total Taking shall include a taking of substantially all the Premises if, in the sole determination of Lessor, the remainder of the Premises cannot reasonably be made useable for the permitted use. Lessor shall be entitled to receive the entire award or payment in connection with a Total Taking without deduction for Lessee's leasehold estate. Lessee hereby expressly assigns to Lessor all of its right, title and interest (including, without limitation, its leasehold interest) in and to every such award or payment. Lessee shall be entitled to claim and receive any award or payment from the condemning authority expressly granted for the taking of Lessee's personal property and moving expenses, but only if such claim or award does not adversely affect or interfere with the prosecution of, or reduce, Lessor's claim or award for the Total Taking. Lessee shall be responsible for filing its own claim and for paying all costs including, but not limited to, attorney's fees, related thereto. Lessee shall promptly send Lessor copies of all correspondence and pleadings relating to any such claim.

(c) In case of a temporary use of all or any part of the Premises by a Taking ("**Temporary Taking**"), this Lease shall remain in full force and effect without any reduction or abatement of Rent, Taxes or Additional Rent. Except as provided below, Lessee shall be entitled to the entire award for a Temporary Taking, unless the period of use shall extend beyond the termination or expiration of this Lease, in which case the award made for such Temporary Taking shall be apportioned between Lessor and Lessee as of the date of termination or expiration. At the end of a Temporary Taking, Lessee shall, at its own cost and expense promptly commence and complete the restoration of the Premises.

(d) In the event of a Taking other than a Total Taking or a Temporary Taking

(“**Partial Taking**”), all awards, compensation or damages shall be paid to Lessor, and Lessor shall have the right to terminate this Lease or continue this Lease, in either case upon notice to Lessee. If Lessor elects to terminate this Lease, this Lease shall terminate on such reasonable date as is selected by Lessor based on the circumstances of the Partial Taking. Lessee shall thereupon vacate and surrender the Premises, and all further obligations of the parties shall cease from and after the termination date (but obligations accruing, or relating to acts or omissions occurring, up to and including the termination date shall not cease or be released). If Lessor elects to continue this Lease, then (i) this Lease shall continue and Rent, Taxes, Additional Rent and obligations due under this Lease shall continue unabated and (ii) Lessee shall promptly commence and diligently complete the restoration of the Premises, subject to the approval of Lessor, to the same condition, as nearly as practicable, as prior to the damage, destruction or alterations resulting from the Partial Taking. In such event, Lessor shall make available in installments as restoration progresses an amount up to but not exceeding the amount of any award, compensation or damages received by Lessor, upon request of Lessee accompanied by evidence reasonably satisfactory to Lessor that such amount has been paid or is due and payable and is properly a part of such costs and that Lessee has complied with the requirements in Section 8 (with respect to Alterations) in connection with the restoration. Lessor shall be entitled to keep any portion of such award, compensation or damages which may be in excess of the cost of restoration, and Lessee shall bear all additional costs, fees and expenses of such restoration in excess of the amount of any such award, compensation or damages.

**16. LIENS:** If any act or omission of Lessee or claim against Lessee results in a lien or claim of lien against the Premises (“**Lien**”), Lessee upon notice thereof shall promptly remove or release the Lien by posting of bond or otherwise. If not so removed or released in 15 days after notice from Lessor, Lessor may (but need not) pay or discharge the Lien without inquiry as to the validity thereof at Lessee’s expense. Lessee may contest the Lien by first furnishing Lessor with a sufficient surety bond issued by a reputable surety company satisfactory to Lessor and its title insurance company.

**17. ENCUMBRANCES:** This Lease shall be subordinate to any mortgage or deed of trust presently or hereafter placed upon the Premises. Although the foregoing subordination shall be self-operative and no future instrument of subordination shall be required, upon request by Lessor, Lessee shall execute and deliver whatever subordination instruments may be required by the mortgagee (or other lienholder), and if Lessee fails so to do within ten (10) days, Lessee hereby makes, constitutes and irrevocably appoints Lessor as its agent and attorney-in-fact, which appointment shall be deemed coupled with an interest, with authority to execute and deliver such instruments on Lessee’s behalf.

**18. LESSOR’S EXPENDITURES FOR LESSEE’S BREACH:** Lessor may (but need not), in the event of Lessee’s breach of any of its obligations or undertakings in this Lease, perform and satisfy any such obligations or undertakings or cure such breach. Lessor’s costs and expenditures in connection therewith shall be at Lessee’s expense and shall be payable by Lessee as Additional Rent on demand by Lessor.

**19. QUIET ENJOYMENT:** Lessor represents that it is the owner of the Premises and that it is legally empowered to execute this Lease. Lessor covenants that Lessee, on payment of the Rent and Additional Rent and performance of Lessee’s obligations herein, shall peacefully and quietly have, hold and enjoy the Premises.

**20. ASSIGNMENT AND SUBLETTING:** (a) Without first obtaining the written consent of Lessor, which Lessor may grant or withhold in its sole discretion, Lessee shall

not: (i) assign this Lease or any interest herein; (ii) sublet the Premises or any part thereof; (ii) permit any other party to occupy or use the Premises or any part thereof. Notwithstanding the foregoing, if Franchisor consents to the assignment of the Franchise Agreement, Lessor shall not unreasonably withhold its consent to the assignment of this Lease; provided, however, in such event the assignee shall be required, as a condition of Lessor's consent, to amend this Lease to delete any rent or other concessions or exceptions to Lessor's standard policies that were granted to Lessee.

(b) If the Franchise Agreement is terminated or expires and Lessor does not terminate this Lease in connection therewith (this Lease and all of Lessee's obligations hereunder shall remain in effect), Lessee shall have the right to sublease the Premises but only upon receiving the advance written consent of Lessor, which consent shall not be unreasonably withheld. If Lessee proposes to sublease the

Premises, Lessee shall submit to Lessor all the material terms of the proposed sublease (together with a copy of the proposed sublease), the identity of the proposed subtenant and any guarantors, the proposed use of the Premises and the business background and experience of the proposed subtenant. Upon receipt of all the foregoing information, Lessor shall within 30 days notify Lessee whether Lessor consents to the proposed sublease, consents to the sublease subject to certain conditions being met, refuses to consent to the proposed sublease or exercises its right to terminate this Lease. Failure of Lessor to respond within 30 days shall be deemed to be Lessor's refusal to consent to the proposed sublease. If Lessor consents to a sublease, Lessee shall remain liable for all obligations under this Lease.

**21. SIGNS AND FIXTURES:** (a) Subject to compliance with applicable laws and ordinances, Lessee shall have the right at all times during the Term to erect and maintain such free-standing signs and interior and exterior building signage as is approved in advance by Lessor for the sole purpose of advertising the business authorized by the Franchise Agreement. Lessee shall not install or erect or permit others to install or erect billboards or other advertising media on the Premises, said right being hereby exclusively reserved by Lessor.

(b) Any signs, equipment, trade fixtures or other personal property (collectively, "**Personalty**") that Lessee has a right to remove from the Premises shall be removed by Lessee within 14 days after the earliest to occur of expiration of this Lease, termination of this Lease, termination of Lessee's right to possession of the Premises, or the vacating or abandonment of the Premises by Lessee. Any Personalty remaining at the Premises after such 14-day period shall, at Lessor's election which may be made at any time following expiration of such 14-day period, be deemed abandoned in which event Lessor shall have all right, title and interest in and to the remaining Personalty available to landlords under law in such circumstances and also including, without limitation, the right (but not the obligation), at Lessee's expense, to remove and store and/or dispose of such remaining Personalty. Lessee shall be liable for any damage to the Premises caused by the removal of Personalty by, or on behalf of, Lessee or its lienholders or their agents, contractors or employees. Lessee shall promptly pay Lessor 115% of the cost and related expenses of any repairs or replacements incurred by Lessor as a result of such damage (Lessor and Lessee hereby expressly agreeing that 15% is a reasonable amount to compensate Lessor for its administrative expenses) plus attorneys' fees incurred and court costs incurred by Lessor.

(c) Lessor hereby expressly claims, and reserves, the benefit of any and all landlord lien rights available to landlords under applicable law.

**22. GUARANTY FOR CORPORATE LESSEE:** Each party signing this Lease as a guarantor (“**Guarantor**”), as an owner (stockholder, member, partner, etc.) of, or otherwise financially interested in, Lessee, hereby jointly and severally guarantees to Lessor the payment of Rent and Additional Rent to be paid by Lessee and the performance by Lessee of all of the terms and conditions of, and Lessee’s obligations under, this Lease. Guarantor waives any notices hereunder or acceptance hereof and consents to any extension of time, indulgence or waivers granted by Lessor to Lessee or any other action or modification of the Lease terms whereby the liability of the Guarantor but for this provision would be released. Guarantor agrees to pay all of Lessor’s expenses, including attorney’s fees, incurred by Lessor in enforcing this guarantee or the obligations of Lessee herein.

**23. DEFAULT AND REMEDIES:** (a) The occurrence of any one or more of the following events shall constitute an event of default by Lessee (“**Event of Default**”) and shall trigger Lessor’s rights and remedies listed and referenced below:

(i) failure by Lessee to pay when due any Rent or Additional Rent (“**Monetary Breach**”), unless such failure is cured within 15 days after notice from Lessor; failure by Lessee to observe or perform any term or condition of, or obligation under, this Lease other than an Event of Default described in items (i) or (iii) of this subsection, unless such failure is cured within 30 days after notice from Lessor; or

(ii) (1) making by Lessee or any Guarantor of a general assignment for the benefit of creditors, (2) filing by or against Lessee or any Guarantor of a petition to have Lessee or such Guarantor adjudged a bankrupt or of a petition for reorganization or arrangement under any Laws relating to bankruptcy, insolvency or inability to pay debts (unless, in the case of a petition filed against Lessee or such Guarantor, the petition is dismissed within 30 days), (3) appointment of a trustee or receiver to take possession of substantially all of Lessee’s assets at the Premises or of Lessee’s interest in this Lease, where such possession or interest is not restored to Lessee within 30 days, (4) attachment, execution or other judicial seizure of substantially all of Lessee’s assets at the Premises or of Lessee’s interest in this Lease, (5) Lessee’s or any Guarantor’s insolvency or admission of the inability to pay its debts as they mature, (6) Lessee vacating or abandoning the Premises (this Event of Default being separate and distinct from a breach of Section 5(b) of this Lease), (7) falsification by Lessee of any statement or report required to be submitted to Lessor under this Lease, (8) any Monetary Breach or any Event of Default or any combination of any Monetary Breach and/or any Event of Default in three consecutive months or in any four months during any twelve consecutive months regardless of whether Lessee has cured any or all of such previous Monetary Breach(es) or Event(s) of Default, or (9) default by the Franchisee under the Franchise Agreement or any event which constitutes immediate and automatic termination of the Franchise Agreement.

(b) Lessee hereby agrees that the only notices necessary to notify it of a breach or Event of Default or to terminate this Lease are those enumerated herein and that any and all other notices and demands required by Laws are hereby expressly waived by Lessee (to the fullest extent legally permissible). The notice and cure periods provided herein are in lieu of, and not in addition to, any notice and cure periods provided by Laws, but Lessor may at any time elect to comply with such notice and cure periods provided by Laws in lieu of the notice and cure periods provided herein.

(c) If an Event of Default occurs, Lessor shall have the following rights and remedies to the fullest extent permitted by Laws, which shall be distinct, separate and cumulative with, and in addition to, any other right or remedy allowed under Laws or this

Lease:

(i) With or without terminating this Lease, Lessor may terminate Lessee's right of possession, reenter and repossess the Premises by detainer suit, summary proceedings or other lawful means (and if Laws permit and Lessor shall not have expressly terminated this Lease by written notice, any such action shall be deemed a termination of Lessee's right of possession only). In such event, Lessor shall be entitled to recover from Lessee: (1) any unpaid Rent and Additional Rent as of the date possession is terminated; (2) the amount by which (A) any unpaid Rent and Additional Rent which would have accrued after the termination date during the balance of the existing Term exceeds (B) the rent (less any and all costs and expenses Lessor would reasonably incur in re-letting the Premises) Lessee proves that Lessor should receive for the Premises under a lease substantially similar to this Lease for the balance of the existing Term (considering, among other things, the condition of the Premises, market conditions, the period of time the Premises may remain vacant before Lessor is able to re-lease the Premises to a suitable replacement tenant); and (3) all other damages incurred by Lessor proximately caused by Lessee's failure to perform its obligations under this Lease. The amounts computed in accordance with foregoing subpart (2) (not including Lessor's costs and expenses of re-letting) shall be discounted to present value in accordance with accepted financial practice at the rate of three percent (3%) per year.

(ii) With or without terminating this Lease, Lessor may terminate Lessee's right of possession, reenter and repossess the Premises by detainer suit, summary proceedings or other lawful means (and if Laws permit and Lessor shall not have expressly terminated this Lease by written notice, any such action shall be deemed a termination of Lessee's right of possession only). In such event, Lessor shall be entitled to recover from Lessee: (1) any unpaid Rent and Additional Rent as of the date possession is terminated; (2) any unpaid Rent and Additional Rent which accrues during the existing Term from the date possession is terminated through the time of judgment (or which may have accrued from the time of any earlier judgment obtained by Lessor), less any consideration received from replacement tenants as further described below; and (3) all other damages incurred by Lessor proximately caused by Lessee's failure to perform its obligations under this Lease, including without limitation, all costs of re-letting the Premises. Lessee shall pay all such amounts to Lessor as the same accrue or after the same have accrued from time-to-time upon demand. At any time after terminating Lessee's right to possession as provided herein, Lessor may terminate this Lease as provided in this Lease, and Lessor may pursue such other remedies as may be available to Lessor under this Lease or Laws.

(iii) If this Lease or Lessee's right to possession is terminated, Lessor may, at Lessee's cost and expense: (1) enter and secure the Premises, change the locks, install barricades, remove any improvements, fixtures or personal property of Lessee, perform any decorating, remodeling, repairs, alterations, improvements or additions and take such other actions as Lessor shall determine in Lessor's sole discretion to prevent damage or deterioration to the Premises or prepare the same for reletting, and (2) relet all or any portion of the Premises for any rent, use or period of time, and upon any other terms as Lessor shall determine in Lessor's sole discretion, directly or as Lessee's agent (if permitted or required by Laws). The consideration received from such reletting shall be applied pursuant to the terms of Section 23(c)(v) hereof, and if such consideration, as so applied, is not sufficient to cover all Rent, Additional Rent and damages to which Lessor may be entitled hereunder, Lessee shall pay any deficiency to Lessor as the same accrues or after

the same has accrued from time to time upon demand, subject to Lessor's right to accelerate such payments as provided herein.

(iv) Lessor shall at all times have the right without prior demand or notice (except as required by Laws) to: (1) seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease or restrain or enjoin a violation of any provision hereof, and Lessee hereby waives any right to require that Lessor post a bond in connection therewith; and (2) sue for and collect any unpaid Rent or Additional Rent which has accrued.

(v) No re-entry or repossession, repairs, changes, alterations and additions, reletting, acceptance of keys from Lessee, or any other action or omission by Lessor shall be construed as an election by Lessor to terminate this Lease or Lessee's right to possession, or accept a surrender of the Premises, nor shall the same operate to release Lessee in whole or in part from any of Lessee's obligations hereunder, unless express written notice of such intention is sent by Lessor to Lessee. Lessor may bring suits for amounts owed by Lessee hereunder or any portions thereof, as the same accrue or after the same have accrued, and no suit or recovery of any portion due hereunder shall be deemed a waiver of Lessor's right to collect all amounts to which Lessor is entitled hereunder, nor shall the same serve as any defense to any subsequent suit brought for any amount not theretofore reduced to judgment. Lessor may pursue one or more remedies against Lessee and need not make an election of remedies until findings of fact are made by a court of competent jurisdiction. All rent and other consideration paid by any replacement tenants shall be applied, at Lessor's option: first, to the costs of reletting, second, to the payment of all costs of enforcing this Lease against Lessee or any Guarantor, third, to the payment of all interest and service charges accruing hereunder, fourth, to the payment of Rent and Additional Rent previously accrued, and the residue, if any, shall be held by Lessor and applied to the payment of other obligations of Lessee to Lessor as the same become due (with any remaining residue to be retained by Lessor). Lessor shall be under no obligation to observe or perform any provision of this Lease on its part to be observed or performed which accrues after the date of an Event of Default. Lessee hereby irrevocably waives any right otherwise available under Laws to redeem or reinstate this Lease or Lessee's right to possession after this Lease or Lessee's right to possession is terminated based on an Event of Default.

**24. WAIVER AND CUMULATIVE RIGHTS:** No waiver by Lessor of any provision or undertaking hereunder shall be valid unless in writing signed by an officer of Lessor. No waiver by Lessor of any breach of, or default under, this Lease by Lessee shall be deemed a waiver of any other or subsequent breach or default. All rights and remedies of Lessor herein provided or allowed by law shall be cumulative.

**25. HAZARDOUS MATERIALS AND SUBSTANCES:** (a) "**Hazardous Materials**" means any substance, material, waste, gas or particulate matter which now or at any time during the Term is regulated by any local governmental authority, the State in which the Premises is located, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," or "restricted hazardous waste" under any provision of State law; (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyl; (v) radioactive material; (vi) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Sec. 251 et seq. (33 U.S.C. Sec. 1317); (vii)

defined as “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq. (42 U.S.C. Sec. 6903); or (viii) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sec. 9601 et seq. (42 U.S.C. Sec. 9601).

(b) “**Environmental Laws**” means all statutes specifically described in the foregoing paragraph and all federal, state and local environmental health and safety statutes, ordinances, codes, rules, regulations, orders and decrees regulating, relating to or imposing liability or standards concerning or in connection with Hazardous Materials.

(c) Lessee represents and warrants to Lessor that: (i) no Hazardous Materials will be located on the Premises (except the proper and lawful storage of petroleum products and used oil incident to the lawful use of the Premises in accordance with Section 5 hereof), or will be released into the environment, or discharged, placed or disposed of at, on or under the Premises; (ii) no underground storage tanks will be located on the Premises; (iii) the Premises will not be used as a dump for Hazardous Materials; and

(iv) the Premises and the use thereof will at all times comply with Environmental Laws.

(d) Lessee agrees to indemnify, defend and hold harmless Lessor and its assignees, from and against any and all debts, liens, claims, causes of action, administrative orders and notices, costs (including, without limitation, response and/or remedial costs), personal injuries, losses, damages, liabilities, demands, interest, fines, penalties and expenses, including reasonable attorneys’ fees and expenses, consultants’ fees and expenses, court costs and all other out-of-pocket expenses, suffered or incurred by Lessor or its subtenants and assignees as a result of: (i) the breach of any representation or warranty made by Lessee herein; and (ii) any occurrence, matter, condition, act or omission involving Environmental Laws or Hazardous Materials which arises subsequent to the Commencement Date and which fails to comply with the Environmental Laws in effect as of the date thereof or any existing common law theory based on nuisance or strict liability in existence as of the date thereof, regardless of whether or not Lessee had knowledge of same as of the date thereof.

**26. HOLDING OVER:** If Lessee remains in possession of the Premises after the termination or expiration of the existing Term, Lessor may (in Lessor’s sole discretion), upon notice to Lessee, deem Lessee a tenant on a month-to-month basis with all Lessee’s obligations, liabilities, covenants, representations and warranties in this Lease, except that Fixed Minimum Rent shall be automatically increased by 50% and the Percentage Rent rate increased by 3%. In the absence of such month-to-month notice being given by Lessor, Lessee shall be deemed a hold over tenant and nothing herein or the acceptance or retention of Rent by Lessor shall be deemed a consent to holding over by Lessee.

**27. LESSOR’S LIABILITY:** Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Lessor, that (i) there shall be absolutely no personal liability on the part of Lessor, its successors or assigns, and its/their officers, directors, employees and agents, to Lessee with respect to any of the terms, covenants and conditions of this Lease, (ii) Lessee waives all claims, demands and causes of action against Lessor’s officers, directors, employees and agents in the event of Lessor’s breach of any of the terms, covenants and conditions of this Lease, and (iii) Lessee shall look solely to Lessor’s interest in the Premises for the satisfaction of each and every remedy of Lessee in the event of any breach by Lessor of this Lease or any other matter in connection with this

Lease or the Premises or the Franchise Agreement, such exculpation of liability to be absolute and without any exception whatsoever.

**28. LESSOR'S CONSENT:** Unless specified otherwise herein, Lessor's consent to any request of Lessee may be conditioned or withheld in Lessor's sole discretion. Lessor shall have no liability for damages resulting from Lessor's failure to give any consent, approval or instruction reserved to Lessor, Lessee's sole remedy in any such event being an action for injunctive relief.

**29. EASEMENTS:** Lessor shall have the right to grant utility easements on, over, under and above the Premises without the prior consent of Lessee, provided that such easements do not materially interfere with Lessee's long-term use of the Premises.

**30. INTEREST:** Any monetary obligation of Lessee which is not paid when due shall bear interest from the due date at a rate which is the lower of eighteen percent (18%) per annum or the highest rate permitted by law. This interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Lease. This provision does not limit any other remedies as provided hereunder.

**31. TIME OF ESSENCE.** Time is of the essence with respect to each and every provision of this Lease in which time is a factor.

**32. ATTORNEY'S FEES:** In the event of any judicial or other adversarial proceeding between the parties concerning this Lease, to the extent permitted by law, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled. In addition, Lessor shall, upon demand, be entitled to all attorneys' fees and all other costs incurred in the preparation and service of any notice or demand hereunder, whether or not a legal action is subsequently commenced, and in otherwise enforcing Lessor's rights or Lessee's obligations or undertakings under this Lease. References in this Lease to Lessor's attorneys' fees and/or costs shall mean both the fees and costs of independent counsel retained by Lessor and the compensation and costs of Lessor's in-house counsel incurred in connection with, or attributable to, the matter.

**33. WAIVER OF JURY TRIAL:** LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, LESSEE'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

**34. NOTICES:** All notices required or permitted under this Lease shall be in writing, and either (i) personally delivered, (ii) sent by Certified U.S. Mail, return receipt requested, or (iii) sent by reputable,

recognized overnight courier service: to Lessor at 4300 TBC Way, Palm Beach Gardens, Florida 33410, Attention: Vice President - Development, with a copy to the General Counsel, and to Lessee at the Premises or its home address or business office, or at such other place as either party may hereafter designate.

**35. SUCCESSORS AND ASSIGNS:** The covenants and conditions hereof shall be binding upon and for the benefit of the heirs, executors, administrators, successors, sublessees and assigns of the parties hereto.

**36. ENTIRE AGREEMENT:** This Lease constitutes the entire agreement between the parties regarding the leasing of the Premises and, excepting any obligations or liabilities that survived the termination or expiration of any prior lease or sublease (which obligations/liabilities shall continue to survive), supersedes any prior agreements or understandings relating thereto. Notwithstanding the foregoing, in the event that Lessee was disclosed with a Franchise disclosure document by Franchisor in conjunction with executing this Lease (“**FDD**”), then nothing in this Lease is intended to disclaim any representations by Franchisor in such FDD. This Lease may be modified or amended by, and only by, a written instrument executed by Lessor and Lessee.

**37. SURVIVAL:** Any rights, obligations and liabilities under this Lease which shall have previously accrued shall expressly survive the expiration or termination of this Lease.

**CALIFORNIA ONLY: 38. REQUIRED ACCESSIBILITY DISCLOSURE.** The Premises has not

undergone an inspection by a Certified Access Specialist (CASp). The parties acknowledge and agree a CASp can inspect the Premises and determine whether the Premises complies with all of the applicable construction-related accessibility standards under California state law. Although state law does not require a CASp inspection of the Premises, Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy of the Lessee, if requested by Lessee. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises. Any necessary repairs or modifications to bring the Premises into compliance with construction-related accessibility standards, which are disclosed by the CASp inspection report, are presumed to be the responsibility of Lessee unless otherwise agreed to by the parties in writing.

*[SIGNATURES APPEAR ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

**LESSOR:**

Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC

**LESSEE:**

*[Insert Entity Name]*

By: \_\_\_\_\_  
President/Managing-Member

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

**GUARANTOR(S):**

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

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

## ATTACHMENT 8

### LEASE RIDER

THIS LEASE RIDER (“Lease Rider”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC (“Franchisor”), \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_ (“Landlord”).

WHEREAS, Franchisor and Franchisee are parties to a Franchise Agreement, which is dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), for the operation of an Integrity 1<sup>st</sup> Shop (the “Shop”); and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the “Lease”), pursuant to which Franchisee will occupy premises located at

\_\_\_\_\_ (the “Premises”) for the purpose of operating the Shop in accordance with the Franchise Agreement; and

WHEREAS, Franchisor’s approval of the Premises is conditioned upon the parties’ execution of this Lease Rider.

NOW, THEREFORE, in consideration of Franchisor’s willingness to allow Franchisee to enter the Lease with Landlord, and in consideration of the mutual undertakings and commitments set forth in this Lease Rider and in the Franchise Agreement, the receipt and sufficiency of all of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee shall be permitted to use the Premises for the operation of the Shop and for no other purpose.
2. Landlord consents to Franchisee’s installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Integrity 1<sup>st</sup> system as Franchisor may from time to time prescribe for the Shop.
3. Landlord agrees to furnish Franchisor with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises at the same time it sends such letters and notices to Franchisee. All notices to Franchisor shall be sent to 3330 Independence Pkwy, #300, Plano, TX 75023, Attention: CEO, or to such other address of which Franchisor notifies Landlord in writing from time to time. In case of a Notice of Default or a Default notice (past any cure period), Landlord agrees to also provide Franchisor electronic notice via e-mail to Kevin Syed, franchise@integrity1auto.com, 972.807.7138.
4. Franchisor shall have the right, without being guilty of trespass or any other crime or tort, but has no obligation, to enter the Premises at any time and from time to time (i) to make any modification or alteration it considers necessary to protect the Integrity 1<sup>st</sup> system and marks, (ii) to cure any default under the Franchise Agreement or the Lease, or (iii) to remove the distinctive elements of the Integrity 1<sup>st</sup> trade dress upon the Franchise Agreement’s expiration or termination. Neither Franchisor nor Landlord shall be responsible to Franchisee for any damages Franchisee might sustain as a result of any action Franchisor takes in accordance with this provision. Franchisor shall repair or reimburse Landlord for the cost of any damage to the Premises’ walls, floor, or ceiling that result from Franchisor’s removal of trade dress items and other property from the Premises.
5. Landlord and Franchisee hereby agree that, upon Franchisor’s request and at Franchisor’s direction following the expiration or termination of the Franchise Agreement, Franchisee shall assign the Lease to Franchisor or its Designee (the “Permitted Transferee”) and Landlord hereby consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment. The original Franchisee shall continue to guarantee the Lease. Landlord and Franchisee also agree that, following the expiration or termination of the Franchise Agreement but before Franchisor requests an assignment of the Lease as referenced above, Franchisor or its Designee may, upon Franchisor’s notice to Landlord and Franchisee, assume possession of the Premises for up to ninety (90) days, the specific amount of time to be determined by Franchisor, during which

Franchisor or its Designee may operate the Shop to assess whether to request the Lease assignment referenced above. Franchisor or its Designee shall comply with all Lease obligations that arise during its possession of the Premises but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assumption of possession. For purposes of this Lease Assignment, an “Affiliate of Franchisor” is any entity controlling, controlled by, or under common control with Franchisor. “Control” means the power to direct the management and policies of the entity in question, whether through the ownership of voting securities, by contract, or otherwise and includes any entity that operates an Integrity 1<sup>st</sup> Shop under a management agreement with the Franchisor. “Franchisee of Franchisor” is any entity operating an Integrity 1<sup>st</sup> Shop under a valid franchise agreement with Franchisor. “Designee” is an Affiliate of Franchisor or another Franchisee of Franchisor.

6. In the event Franchisee assigns the Lease to Franchisor or its Designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment and Franchisor or the Permitted Transferee shall comply with all Lease obligations (including without limitation the payment of all Rent incurred for the time of possession) that arise during the Review Period but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assumption of possession.

7. Franchisee may not assign the Lease or sublet the Premises (other than in accordance with paragraph 5) without Franchisor’s prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee (other than in accordance with paragraph 5 and in accordance with the specific terms of the Lease) without first verifying that Franchisor has given its written consent to Franchisee’s proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Franchisor’s prior written consent.

9. Franchisee agrees that any default under the Lease will constitute a default under the Franchise Agreement. Franchisee and Landlord agree that any default under the Franchise Agreement will constitute a default under the Lease.

10. Franchisee agrees that Landlord shall give Franchisor all sales and other information that Franchisor requests regarding Franchisee’s operation of the Shop (to the extent the Landlord is in actual possession of such items).

11. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

12. Landlord acknowledges that Franchisor (or its Designee) is not a party to the Lease and shall have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Franchisor (or its Designee) as provided in paragraph 6 or Franchisor (or its Designee) temporarily assumes possession of the Premises as provided in paragraph 5.

[Signature page to follow]

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

FRANCHISOR

LANDLORD

INTEGRITY 1<sup>ST</sup> CAR PRO FRANCHISE HOLDINGS, LLC

By: \_\_\_\_\_  
Kevin Syed, CEO

By; \_\_\_\_\_  
Name/Title

FRANCHISEE

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

**ATTACHMENT 9**  
**STATE SPECIFIC ADDENDUM**

**AMENDMENT TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) ”) between Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Wisconsin Department of Financial Institutions Sections 31.01 to 32.07 applies to most, if not all, Franchise Agreements and prohibits the Termination, Cancellation, Non-Renewal of substantial change of the competitive circumstances of a Franchise Agreement without good cause. The Law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the Franchisee. The Franchisee has 60 days to cure the deficiency and if the deficiency is so cured the notice is void.
2. Section 22.1 of the Franchise Agreement (Choice of Law) is amended to state that the Wisconsin Department of Financial Institutions Sections 31.01 to 32.07 laws supersede any provisions contained in the Franchise or License Agreement that are consistent with that law.
3. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the Wisconsin Franchise Investment Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

**IN WITNESS WHEREOF**, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

**FRANCHISOR:**

**FRANCHISEE:**

**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE  
HOLDINGS, LLC**

By: \_\_\_\_\_ By: \_\_\_\_\_  
Kevin Syed, CEO Name/Title

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**TRANSACTION FEE AGREEMENT**

## TRANSACTION FEE AGREEMENT

**THIS TRANSACTION FEE AGREEMENT** (this “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”), by and among \_\_\_\_\_ (hereinafter “**you**” or “**Franchisee**”) and Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC, a Texas limited liability company (hereinafter “**we,**” “**us,**” “**Integrity 1<sup>st</sup> Car Pros**”, or “**Integrity 1<sup>st</sup>**”).

### INTRODUCTION

**WHEREAS**, we and you are parties to that certain “Franchise Agreement” dated on or about (“**Franchise Agreement**”), pursuant to which you were granted the license to develop and operate a Integrity 1<sup>st</sup> Car Pros Automotive business (the “**Business**”) located at \_\_\_\_\_.

**WHEREAS**, you have developed and are now operating such Business; and

**WHEREAS**, you wish to sell the Business to an Integrity 1<sup>st</sup>-approved buyer, and engage us to assist in locating a potential buyer.

### AGREEMENT

**NOW THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Integrity 1<sup>st</sup> Car Pros Sales Assistance.** In return for the Transaction Fee (as defined below) we agree to use commercially reasonable efforts to locate and/or assist you in locating a buyer. Our efforts may consist of some or all of the following, but our efforts are not necessarily limited to such:

- a. List the business on our national franchise site as an available opportunity.
- b. Market the business to our existing database.
- c. Provide a Seller’s Manual to provide assistance in marketing and selling your business.
- d. List your business on certain websites such as [www.BizBuySell.com](http://www.BizBuySell.com).
- e. Inform and educate existing candidates on the opportunity.
- f. Market the business through local Chambers of Commerce.

2. **No Warranties or Guarantees.** We make no warranties or guarantees that we will be able to locate a qualified buyer, that you will be able to sell the Business for the desired amount, or that any potential buyer will satisfactorily complete Integrity 1<sup>st</sup> training, qualify for financing or consummate a sale. We will have no liability to you if we are unable to locate a qualified buyer or if you are unable to locate a qualified buyer based on our assistance. Any attempt by us to locate a buyer shall not relieve you of any obligation to locate a buyer yourself. We reserve the right to approve any buyer or subsequent franchisee in our sole discretion pursuant to the terms of the Franchise Agreement and our brand standards for ownership of an Integrity 1<sup>st</sup> franchise.

3. **Transaction Fee.** Subject to the contingencies herein, you agree to pay us a non-refundable deposit of the greater of \$10,000.00 or 1% of the listed price of the Business (the “**Deposit**”) at the time you sign this Agreement. In the event that we are able to locate or provide assistance to you in locating a buyer who is not currently an operating Integrity 1<sup>st</sup> franchisee, you will be responsible for paying us a transaction fee equal to the greater of 7% of the gross value of the business transaction (as defined below) or \$50,000 (the “**Transaction Fee**”). The Transaction Fee is earned and payable upon closing of the sale transaction between you and the buyer, and is in addition to the transfer fee (and any other fees) due and payable to us under the terms of the Franchise Agreement. The Deposit will be applied to the Transaction Fee at the closing of the transaction. For purposes of this Agreement, we will have located or assisted you

in locating a buyer if the buyer resulted from a lead generated directly or indirectly by us or by anyone other than you. This would include, but not be limited to, a buyer already engaged or intending to be engaged in our franchisee application or discovery process for a different Integrity 1<sup>st</sup> location, or a candidate introduced to us by another franchisee or anyone other than you. However, if you recommended the buyer contact us about the opportunity to purchase your business, you would not owe the Transaction Fee. If there is any dispute as to whether or not (i) we were responsible for locating a buyer, or (ii) that the assistance we provided to you resulted in you locating a buyer, there shall be a rebuttable presumption that we did locate the buyer or our assistance did result in you locating the buyer, as the case may be. The burden will then be yours to demonstrate our efforts did not result in the location of the buyer. The “**gross value of the business transaction**” shall mean the gross value of the tangible and intangible assets acquired by the buyer. In the event an entity owned by Integrity 1<sup>st</sup> or Integrity 1<sup>st</sup> Car Pros Franchise Holdings, LLC purchases your Business, you must pay Integrity 1<sup>st</sup> a Transaction Fee of (A) the greater of 3.5% of the gross value of the business transaction or \$25,000.00 if no suitable candidate is located to attend a Integrity 1<sup>st</sup> Discovery Day, or (B) the greater of 7% of the gross value of the business transaction or \$50,000.00 if a suitable candidate is located, such candidate attends Discovery Day, but is rejected as a candidate by Integrity 1<sup>st</sup>.

4. **Term.** This Agreement shall commence on the Effective Date and unless extended by mutual written agreement of the parties shall automatically end (without any further action) on the earlier of (i) the closing of a sale of the Business to a buyer acceptable to you and us, (ii) notice from you that you have decided against the sale of the Business or (iii) notice from us that we have decided to terminate our efforts to assist you in locating a buyer. In the event we terminate this agreement pursuant to subpart (iii) of this section, we will provide an explanation in writing as to why we are terminating our efforts to assist you in finding a buyer.

5. **Related Agreements.** Prior to or at the closing of the sale of the Business as contemplated herein, you agree to execute all related agreements in the forms prescribed by us, and comply with all applicable assignment and transfer provisions and conditions set forth in the Franchise Agreement and the Integrity 1<sup>st</sup> Manual.

6. **Confidentiality.** You and we agree to keep confidential the terms of this Agreement and the terms of any Purchase/Sale Agreement, and further agree not to disclose such Agreements or their terms to any person except upon order by a court of competent jurisdiction, or as may be necessary to enforce respective rights under this Agreement, or as required by law. In addition, you and we agree not to make any disparaging or derogatory statements about the other party to this Agreement and may state only that this matter has been resolved on a basis satisfactory to all concerned.

7. **Release.** In consideration of the execution of this Agreement, you, for yourself and your affiliates, and for your and their respective officers, directors, shareholders, members, managers, agents, and employees, and the predecessors, successors, assigns, heirs, administrators and executors of you and any or all of them (collectively, the “**Releasing Parties**”), release and forever discharge us, our affiliates and our and their respective officers, directors, shareholders, members, managers, agents, and employees, and the predecessors, successors, assigns, heirs, administrators and executors of us and any or all of them (collectively, the “**Released Parties**”) from and against any and all obligations, debts, liabilities, demands, claims, actions, causes of action, losses, and damages (actual, consequential, multiplied, exemplary, enhanced, punitive, or otherwise), of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise (collectively “**Claims**”), which arise out of or are related to the sale of your Business, including any Claims arising out of or related to Integrity 1<sup>st</sup>’s ability or inability to locate a buyer or failure or refusal to approve any buyer that is located by you or us. You, on behalf of yourself and on behalf of the other Releasing Parties, further covenant that you and they have not assigned

any such claims to any individual or entity who is not bound by the foregoing.

**8. Miscellaneous.**

(a) Amendments. No amendment or variation of the terms of this Agreement or the Franchise Agreement shall be valid unless made in writing and signed by the parties hereto.

(b) Reaffirmation of Franchise Agreement. Except as amended or modified herein, all of the terms, conditions and covenants of the Franchise Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copied herein in full. If there is a conflict between the terms of the Franchise Agreement and this Agreement, the terms of the Franchise Agreement shall control.

(c) Notice. Notice requirements shall be governed by the Franchise Agreement.

(d) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, administrators, successors and permitted assigns. We may transfer, assign or subcontract any of our rights and/or obligations under this Agreement without your prior written consent. Neither this Agreement nor any of your rights or obligations, may be assigned, transferred or subcontracted in whole or in part except with our written consent.

(e) Choice of Law. This Agreement shall be construed and interpreted in under and in accordance with the laws of the State of Texas.

(f) Severability. If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

(g) Captions. The captions in this Agreement are solely for the convenience and for the purpose of referencing sections, in no way do the captions define, limit, describe or construe the contents of such sections or the intent or scope of this Agreement or any part thereof.

(h) Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original, but all of which shall be taken together and shall constitute one and the same agreement. Facsimile transmission of any signed original document and the retransmission of any signed facsimile transmission, shall be the same as delivery of the original signed document.

(Signature page follows.)

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

**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE HOLDINGS, LLC:**

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

Kevin Syed CEO

**FRANCHISEE:**

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

Name:

Title:

\_\_\_\_\_

[Name]

\_\_\_\_\_

[Name]

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**INTEGRITY 1<sup>ST</sup> CAR PROS FRANCHISE HOLDINGS LLC**

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**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

# INTEGRITY 1ST CAR PROS FRANCHISE HOLDINGS LLC

## Balance Sheet

July 31, 2024

<b>ASSETS</b>	
Current Assets	
Cash on-hand	\$ 7,500.00
Other Current Assets	
Accumulated Amortization	\$ -
<b>Total Current Assets</b>	<b>\$ 7,500.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,500.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Long Term Liabilities	
Mortgage, Notes, Bonds Payable	\$ -
Total Long Term Liabilities	\$ -
<b>Total Liabilities</b>	<b>\$ -</b>
Equity	
Shareholder Equity	\$ -
Retained Earnings	\$ 7,500.00
Net Income	\$ -
Total Equity	\$ 7,500.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 7,500.00</b>

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**(THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE WILL NOT BE USED IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN).**

**DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

As you know, Integrity 1st Car Pros Franchise Holdings LLC (“we” or “us”) and you are preparing to enter into a Franchise Agreement for the operation of an INTEGRITY 1<sup>ST</sup> CAR PROS franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your initial franchise fee.** 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 on the back of this sheet.

- Yes \_\_\_ No \_\_\_ 1. Have you received and personally reviewed INTEGRITY 1ST CAR PROS Franchise Agreement and each attachment?
- Yes \_\_\_ No \_\_\_ 2. Have you received and personally reviewed INTEGRITY 1ST CAR PROS disclosure document we provided?
- Yes \_\_\_ No \_\_\_ 3. Did you sign a receipt for INTEGRITY 1ST CAR PROS disclosure document indicating the date you received it?
- Yes \_\_\_ No \_\_\_ 4. Do you understand all the information contained in INTEGRITY 1ST CAR PROS disclosure document and Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 5. A) Have you had ample time and the opportunity to review INTEGRITY 1ST CAR PROS disclosure document and INTEGRITY 1ST CAR PROS Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes \_\_\_ No \_\_\_ B) Have you had the opportunity to discuss the benefits and risks of operating an INTEGRITY 1ST CAR PROS franchise with your professional advisor?
- Yes \_\_\_ No \_\_\_ C) Did you discuss the benefits and risks of operating an INTEGRITY 1ST CAR PROS franchise with an existing INTEGRITY 1ST CAR PROS franchisee?
- Yes \_\_\_ No \_\_\_ 6. Do you understand the risks of operating an INTEGRITY 1ST CAR PROS franchise?
- Yes \_\_\_ No \_\_\_ 7. Do you understand the success or failure of your INTEGRITY 1ST CAR PROS franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes \_\_\_ No \_\_\_ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your INTEGRITY 1ST CAR PROS Franchised Business?
- Yes \_\_\_ No \_\_\_ 9. A) Do you understand all disputes or claims you may have arising out of or relating to INTEGRITY 1ST CAR PROS Franchise Agreement must be brought in

**DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

the judicial district in which our principal place of business is located, if not resolved informally?

Yes \_\_\_\_ No \_\_\_\_

B) Do you understand INTEGRITY 1ST CAR PROS Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to INTEGRITY 1ST CAR PROS Franchise Agreement, and not any punitive, exemplary or multiple damages?

Yes \_\_\_\_ No \_\_\_\_

10. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes \_\_\_\_ No \_\_\_\_

11. Is it true that, except as provided in Item 19 of our FDD, we and our affiliates have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of INTEGRITY 1ST CAR PROS franchise or any other business?

Yes \_\_\_\_ No \_\_\_\_

12. Do you understand that actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular INTEGRITY 1ST CAR PROS business?

Yes \_\_\_\_ No \_\_\_\_

13. Do you acknowledge that you are an independent contractor and responsible for running your own INTEGRITY 1ST CAR PROS business and that we do not have any authority to control, hire, or fire your employees?

Yes \_\_\_\_ No \_\_\_\_

14. Is it true that neither we or our affiliates, or any of our or our affiliates' employees, have provided you with services or advice that is legal, accounting, or other professional services or advice?

Yes \_\_\_\_ No \_\_\_\_

15. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes \_\_\_\_ No \_\_\_\_

B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes \_\_\_\_ No \_\_\_\_

C) Do you understand that we will not approve your purchase of an INTEGRITY 1ST CAR PROS franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes \_\_\_\_ No \_\_\_\_

D) Is it true that you are not purchasing an INTEGRITY 1ST CAR PROS franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

(SIGNATURE PAGE FOLLOWS.)

**DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

If signing on behalf of a corporation or other entity, please complete the following:

\_\_\_\_\_  
Name of Entity

\_\_\_\_\_  
Title

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

**GENERAL RELEASE (SAMPLE FORM)**

## GENERAL RELEASE (SAMPLE FORM)

This general release (the “General Release”) is made and entered into on \_\_\_\_\_, \_\_\_\_\_ by and between Integrity 1st Car Pros Franchise Holdings LLC (“Franchisor”), \_\_\_\_\_ (“Franchisee”), \_\_\_\_\_ and **Error! Reference source not found.** (together with the Franchisee, the “Franchisee Parties”). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties agree as follows.

1. To the maximum extent permitted by applicable law, the Franchisee Parties on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (together with the Franchisee Parties, the “Releasing Parties”) do remise, release, waive, and forever discharge Integrity 1st Car Pros Franchise Holdings LLC, Integrity 1<sup>st</sup> Car Pros IP Holdings LLC, and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the “Franchisor Parties”) from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys’ fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past, present, or future, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that franchise agreement between Integrity 1st Car Pros Franchise Holdings LLC and Franchisee dated \_\_\_\_\_ regarding the operation of a INTEGRITY 1<sup>ST</sup> CAR PROS franchise located at \_\_\_\_\_, as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any INTEGRITY 1<sup>ST</sup> CAR PROS franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) INTEGRITY 1<sup>ST</sup> CAR PROS franchise located at \_\_\_\_\_; and (9) any relationship between the Releasing Parties and the Franchisor Parties.

2. The Releasing Parties acknowledge this General Release extends to all claims the Releasing Parties do not know or suspect to exist in their favor at the time of executing this General Release, which if were known to exist may have materially affected the decision to enter into this General Release. The Releasing Parties understand the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts known or believed to be true and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. By executing this General Release, the Releasing Parties expressly assume the risk of the facts turning out to be different and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Releasing Parties acknowledge and agree that they have had the opportunity to seek the advice of and are represented by independent legal counsel and have read and understood all the terms and provisions of this General Release. The Releasing Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this General Release.

3. This General Release represents the entire agreement of the parties regarding the subject matter hereof and may only be modified in writing.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

**WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

\_\_\_\_\_ (“Releasor”) for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties’ intention, subject to the terms and conditions of this General Release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this General Release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under this General Release with respect to any claim or cause of action released under this General Release.

[If Releasor is domiciled or has his or her principal place of business in the State of Washington or if the franchised business is located in the State of Washington]

Notwithstanding anything to the contrary, this General Release does not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**IN WITNESS WHEREOF**, the parties hereto have executed this General Release as of the dates set forth below.

**FRANCHISEE PARTIES:**

a \_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_, individually

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**CURRENT AND FORMER FRANCHISEES,  
AND AFFILIATE OWNED LOCATIONS**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2023**

Franchisee	Street Address	City	ST	Zip	Phone
None					

**LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT,  
BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2023**

Franchisee	City	ST	Zip	Phone
None				

**LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2023**

Franchisee	City	ST	Phone
None			

**LIST OF CORPORATE OR AFFILIATE-OWNED OUTLETS  
AS OF DECEMBER 31, 2023**

NAME	ADDRESS	PHONE
N. Dallas Integrity First LLC	4050 W. 15 <sup>th</sup> St Plano, TX 75093	972.599.1999
North Texas Patriot LLC	2016 Keller Springs Rd #200, Carrollton, TX 75006	972.242.6200
Integrity-1st Automotive Limited Liability Company	3330 Independence Pkwy, Plano, TX 75023	972.599.3000
Exactt Auto LLC	2014 N Hwy 78 STE 170 Wylie, TX 75098	972.442.8080
Dallas Integrity Automotive LLC	6901 Coit Rd, Plano, TX 75024	469.969.1364
Piston & Watts LLC	6702 S State Hwy 78, Sachse, TX 75048	972.530.1615
Integrity 1st Collision LLC	325 FM 544, Murphy, TX 75094	972.807.7139
Integrity 1st Operations LLC	6359 Belmont Ave, Dallas, TX 75214	469.949.4979
Midway Operations LLC	2601 Midway Rd, Carrollton, TX 75006	469.915.5115

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

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA**

***FOR THE STATE OF WISCONSIN***

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

**EXHIBIT K TO THE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
Michigan	Pending
Wisconsin	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 L TO THE DISCLOSURE DOCUMENT**

**RECEIPTS**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Our agents for service of process are listed in Exhibit B.

Date of Issuance: August 29, 2024.

The Franchise Seller(s) for this offering is/are: Kevin Syed, 3330 Independence Pkwy, #300, Plano, TX 75023, 972.807.7138 and/or \_\_\_\_\_.

I have received a disclosure document dated August 29, 2024. The disclosure document included the following Exhibits:

- |   |   |
|---|---|
| Exhibit A - List of State Administrators                | Exhibit G - Franchisee Disclosure Questionnaire                           |
| Exhibit B - List of State Agents for Service of Process | Exhibit H - General Release (Sample Form)                                 |
| Exhibit C - Franchise Agreement and Attachments         | Exhibit I – Current and Former Franchisees, and Affiliate Owned locations |
| Exhibit D - Transaction Fee Agreement                   | Exhibit J – State Effective Dates   |
| Exhibit E - Table of Contents to the Manual             | Exhibit K - Receipts  |
| Exhibit F - Financial Statements                        |   |

Please sign and print your name below, date and return one copy of this receipt to Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC and keep the other for your records.

\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

If signing on behalf of a company in addition to individually, please complete the following:

\_\_\_\_\_  
(Name of corporation, LLC, or partnership)

\_\_\_\_\_  
Authorized Signatory and Signature

**[KEEP THIS RECEIPT FOR YOUR RECORDS]**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Our agents for service of process are listed in Exhibit B.

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Please sign and print your name below, date and return one copy of this receipt to Integrity 1<sup>st</sup> Car Pros Franchise Holdings LLC and keep the other for your records.

_____	_____
Date of Receipt	Signature
	_____
	Print Name

If signing on behalf of a company in addition to individually, please complete the following:

\_\_\_\_\_  
(Name of corporation, LLC, or partnership)

\_\_\_\_\_  
Authorized Signatory and Signature

**[PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT BY MAIL OR EMAIL TO KEVIN SYED, 3330 INDEPENDENCE PKWY, #300, PLANO, TX 75023]**