

FRANCHISE DISCLOSURE DOCUMENT

Rivali
a California corporation
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The franchise is for a Rivali Paint Protection business providing high quality, customer focused paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, detailing and interior and exterior car wash services. The franchise emphasizes friendly, convenient pleasurable customer experience and quality services for the customer's vehicle(s).

The total investment necessary to begin operation of a Rivali Paint Protection Business is \$209,100 to \$548,800. This includes \$39,500 Initial Franchise Fee that must be paid to the franchisor.

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

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-Help or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's homepage at www.ftc.gov for additional information on franchising. 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.

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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
How much can I earn?	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
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Rivali Paint Protection business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Rivali Paint Protection franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 Exhibits K and L.

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

Out-of-State Dispute Resolution. The Franchise Agreement requires you to resolve disputes with us by arbitration or mediation only in California. Out-of-state arbitration or mediation may force you to accept a less favorable settlement for disputes. It may also cost you more to ☐ arbitrate or mediate with us in California than in your home state.

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

Spousal liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse’s marital and personal assets, perhaps including your house, at risk if franchise fails.

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

The Franchisor

We are Rivali. We are a corporation. We refer to us as “Company,” “Franchisor,” “we,” “us” or “our” in this Disclosure Document. “You” means the person who buys the franchise whether you are an individual, sole proprietorship, corporation, partnership, limited liability company or other entity. Our agent for service of process is Brett D de Coster at 1821 W. 213th Street, Ste F, Torrance, CA 90501. Additional agents for service of process are listed in Exhibit K.

We incorporated May 20, 2022, in California. We do not have any predecessor in the sense of an entity we acquired most of our assets from. An affiliate, CAS Alliance, Inc. was formed January 5, 2022, and its address is 1821 W. 213th Street, Suite F, Torrance, California 90501. CAS Alliance, Inc. owns the trademarks.

We offer franchises described in this Disclosure Document. We began offering the franchises after the effective date of this Disclosure Document. We refer to a franchise as a Rivali Paint Protection business. We have not offered franchises in any other business. We do not have business other than offering these franchises. We do not operate a Rivali Paint Protection business of the type offered to you as a franchise.

The Franchise

We grant qualified persons the right to own and operate a Rivali Paint Protection business using the Rivali Paint Protection trademark and other trademarks, trade names, designs, art and logos we designate, at an agreed location under our Franchise Agreement.

Rivali Paint Protection offers quality, customer focused paint protection, paint correction, ceramic coatings, window tinting, powder coating vinyl wraps and other car cleaning, detailing and interior and exterior car wash services. The franchise will emphasize friendly, convenient pleasurable customer experience and quality services for the customer’s vehicle(s). You will use methods, trade secrets and trademarks licensed to or developed and owned by us.

The Rivali Paint Protection business operates under a system of specifications and procedures we developed and may continue to develop (the “System”). The distinguishing appearance and characteristics of the System include but are not limited to our store designs, digital showrooms, layouts and identification schemes (“Trade Dress”); specifications for equipment, branded inventory and accessories; our products and services; our website or series of websites; our relationships with vendors; our software and computer programs; online store, booking system; accumulated experience reflected in our training program, operating procedures; customer service standards, methods, and marketing, techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (the “System Standards”) set out in our operations manual (the “Operations Manual”) and otherwise in writing. We may change, improve, add to, and further develop-the elements of the System from time to time.

Rivali Paint Protection customers include members of the public, retail customers, new and used car dealers, insurance companies, commercial customers; such as store merchants; commercial buildings and offices that own cars, and similar types of customers. We make available to franchisees business methods and systems for developing and operating Rival Paint Protection businesses.

Items and services are sold according to specified procedures., If you acquire a franchise, you must operate your Rivali Paint Protection business according to our formats, methods, procedures, designs, layouts, standards, and specifications.

Market and Competition

Your Rivali Paint Protection location will offer products and services to the public which represent a portion of the automotive aftermarket. You will compete with auto dealerships and other national, regional and local independent retailers and service providers. Some of our services may be complementary to auto dealerships and add value to promotion of the products and services offered by your Paint Protection location. The market for these services and products is developed and competitive. We believe Rivali Paint Protection businesses will appeal to consumers because of our products and services mix, and quality we provide. We have observed that volume of business tends to be greater around ends of calendar quarters compared to earlier in the calendar quarters.

Industry Specific Laws and Regulations

Some aspects of the business are regulated by federal, state, and local laws, rules, and ordinances. Laws and regulations that apply to businesses generally include the Americans with Disabilities Act, federal wage and hour laws, environmental protection laws and the Occupational Health and Safety Act. There may be requirements for construction, design and maintenance of premises; zoning, parking and similar requirements; health, safety and welfare of customers, employees and the public; sanitation; inspections by government agencies; public accommodations, including restrooms; restrictions on hiring persons not authorized to work in the United States; minimum wage; restrictions on smoking; insurance for employees; taxes and withholding; collection and payment of sales tax; fire safety and emergency preparedness; use, storage and disposal of waste and hazardous materials; restrictions on use of water and on drainage; restrictions on where drains flow; and nondiscrimination as to customers, employees and others. You may need to obtain a license and/or register with the government to provide car wash and/or polishing services. There may be other laws and codes and regulations applicable to your business. You must make further inquiries about those and about all the above laws, rules, ordinances and regulations.

You may need to obtain business license(s) from licensing agencies. You will be required to comply with all federal, state, and local laws in the operation of your Paint Protection Business. Your state may have laws or regulations addressing or limiting the percentage of shading that may be used on vehicle window tinting.

You are responsible to comply with all laws and regulations. You must do your own investigation to familiarize yourself with laws that apply. Consult your attorney and CPA about laws and regulations that will apply to you where you will operate.

ITEM 2:
BUSINESS EXPERIENCE

President, Chief Financial Officer and Secretary: Brett Douglas de Coster

Mr. de Coster has been our President, Chief Financial Officer and Secretary since we incorporated on May 20, 2022. He has been Chief Financial Officer and Secretary of CAS Alliance, Inc since incorporation on January 5, 2022. From 2014 to 2022, Mr. de Coster was employed by Concours Auto Spa in Torrance and Marina del Rey, California. He served as Manager at the Marina del Rey location from 2018 to 2022. On May 20, 2022, the Marina del Rey location of Concours Auto Spa became Rivali Paint Protection owned by Mr. De Coster. The Marina del Rey location was sold to a franchisee in August 2023.

ITEM 3:
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4:
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5:
INITIAL FEES

You pay us an initial franchise fee of \$39,500 when you sign the Franchise Agreement. This amount is deemed to be fully earned when paid and is not refundable.

ITEM 6:
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	6% of Gross Revenue; \$375 minimum per week	Weekly	Gross revenue includes all revenues from operation, activities, sales and existence of the Paint Protection, whether cash, debit, credit or otherwise but excludes sales tax and refunds, allowances or credits. We can change frequency of payment. If you don't pay on time, we can debit your account 120% of our estimate or of previously paid amount of royalty
Promotion Fund Contribution	3% of prior month Gross Revenues	By tenth day of each month	You contribute to the promotion fund that we use to promote the Rivali Paint Protection brand.
Local Advertising	3% of prior month Gross Revenues	Each month	You must spend at least this much for local advertising each month (it is not paid to us). If we establish an advertising cooperative, consisting of your franchise and at least one other Rivali business, you must contribute to the cooperative as decided by majority of its members, but not more than 3% of gross revenues per month. The contributions count toward the local advertising requirement.
IT System Fee/Technology	\$350 per month per location	By tenth day of each month	You pay us to use dedicated software programs, including scheduling software we are in the process of developing called Senza Rivali. We may increase this fee on 30 days' notice.
Merchandise Purchases	Varies	When invoiced	You pay us for merchandise you buy from us.
Advertising Materials	Varies	When invoiced	We can charge you for advertising materials at approximately our cost.
Supplier Review	Varies	When you ask us to review item or supplier	We can require you to pay our costs and expenses to evaluate an item or supplier you propose.
Additional Training	\$600 per day and travel, lodging and meal expenses.	When we request, which could be before or after additional training is provided.	You pay this if you request or if we determine you need, additional training. You reimburse our additional travel, lodging and meal expenses.
Renewal Fee	\$19,750	When you ask to enter into a renewal Franchise Agreement	You pay this with notice to us that you want to renew the franchise.

Name of Fee	Amount	Due Date	Remarks
Transfer Fee	\$7,500	At time of transfer	You or proposed transferee pay this as part of process to obtain our consent to a proposed transfer.
Relocation Fee	\$7,500	On your request to relocate franchise	You pay this fee to ask us to consider consenting to your request to relocate your franchise.
Damages for Cancellation or Termination Due to your Breach	Lesser of (a) 2 times Royalty Fees payable for prior 12 months (if you operated less than 12 months, 2 times avg. monthly Royalty Fees over period operated, projected to 12 mos.), or (b) number of months remaining until expiration of term times avg. monthly Royalty Fees payable for prior 12 months.	On demand	In a termination for your breach, you pay us these amounts as liquidated damages.
Late Charge/ Dishonored Payment	\$50 for any dishonored check or other dishonored payment; late charge of \$50 or 1.5% per month	On demand if payment is late or dishonored by bank; interest accrues monthly	Late charge for late payments and fee for a payment dishonored by bank. Interest is charged on balance, monthly, until paid.
Underpayment or Understatement	Amount of understatement or underpayment and interest	On demand	You pay us the amount of underpayment or understatement shown by our inspection or audit of your books and records and interest on that amount from original due date.
Audit Cost	Our costs and fees	On demand	You reimburse our expenses of inspection or audit if underpayment or understatement by you was 2% or more in any period.
Insurance	Amount of premiums	On demand	You reimburse insurance premiums we pay if we get insurance for you due to you not buying or maintaining or providing proof of insurance.
Indemnification	Amount incurred	On demand	You defend and reimburse us for costs, losses, liabilities, etc. or if we need to defend or are held liable for claims relating to your business.
Cost to Resolve Claims	Amount incurred	On demand	We can settle or take other remedial or corrective action regarding claims and investigations. You pay or reimburse us the amounts involved.
Taxes	Amount of Taxes	On demand	You pay us taxes imposed, required to be collected or paid by us re services or goods we furnish you and/or us receiving money from you.

Name of Fee	Amount	Due Date	Remarks
Operation of Your Franchise	\$250 per day and travel and other expenses	When invoiced	We or nominee can operate your facility if we think your operation may be in jeopardy, or you breach, die or are incapacitated. You reimburse expenses and pay mgmt. fee, currently \$250/day.
Cost of Enforcement	Amount of attorney fees and costs	On demand	In a legal proceeding, prevailing party may recover attorneys' fees and costs.
De-identification	Amount of Our Expenses	Immediate	After termination we can de-identify facilities associated with your franchise. You reimburse our expenses.
Liquidated Damages	10% of Gross Revenue of business	By fifteenth of each month	During term and one year after transfer, expiration, cancellation, rescission or termination, franchisee or owners or affiliates engage, consult or have interest in business selling similar services as the Franchised Business, we are entitled to liquidated damages.

All fees are uniformly imposed by and are payable to us unless otherwise noted. Fees paid to us are non-refundable unless otherwise noted. Refundability of fees paid to third parties depends on your agreements with them.

ITEM 7:
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of <u>Expenditures</u>	Your Actual or <u>Estimated Amounts</u>	Method of <u>Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
Initial Franchise Fee (1)	\$39,500	Check, Wire	On Signing Franchise Agreement	Us
Grand Opening Advertising (2)	\$8,000 - \$12,000	As Arranged	On Signing Franchise Agreement	Social Media Companies and Approved Suppliers
Leasehold Improvements (3)	\$50,000 - \$200,000	As Arranged	As Arranged	Landlord, Approved Suppliers
Signage (4)	\$6,000 - \$8,000	Lump Sum	As Arranged	Approved Suppliers
Rent (5)	\$14,000 - \$96,000	As Arranged	As Arranged	Landlord
Utilities and Utility Deposits (6)	\$3,500 - \$4,000	As Arranged	As Arranged	Utility Companies
Operating Equipment (7)	\$20,000 - \$40,000	As Arranged	As Arranged	Us, Approved Suppliers
Office Equipment; Furniture; Supplies (8)	\$15,000 - \$35,000	As Arranged	As Arranged	Approved Suppliers

Type of <u>Expenditures</u>	Your Actual or <u>Estimated Amounts</u>	Method of <u>Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
Point of Sale/Scheduling System (9)	\$1,000 - \$1,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory (10)	\$20,000 - \$40,000	As Arranged	As Arranged	Us, Approved Suppliers
Insurance (11)	\$1,500 - \$7,500	As Arranged	As Arranged	Approved Suppliers
Training (12)	\$1,600 - \$7,300	As Incurred	As Incurred	Transportation Lines, Hotels and Restaurants
Licenses/Permits (13)	\$1,000 - \$2,000	Lump Sum	As Arranged	Licensing Authorities
Professional Advisors (14)	\$3,000 - \$6,000	As arranged	As arranged	Professional advisors
Add'l. Funds/Capital (15)	\$25,000 – \$50,000	As Arranged	As Required	You Determine
TOTAL (16)	\$209,100 - \$548,800			

Notes

(1) Initial Franchise Fee. The initial Franchise Fee is \$39,500. This fee is not refundable.

(2) Grand Opening Advertising. We estimate you will expend this amount in the period from approximately one month before opening through the first 60 days of operation to advertise and promote opening of your business by newspaper, direct mail and/or other media. The grand opening advertising will be according to a grand opening program you prepare and submit to us for our approval. If you elect to spend more, your actual expense could exceed the high estimate.

(3) Leasehold Improvements. These estimates are for a shop facility about 2,600 to 6,000 square feet. Some factors that impact costs of leasehold improvements are size and condition of premises, required improvements, location, local cost of contract work, choice of contractor, timing, design and work choices and conditions in the area that may affect availability and cost of service providers. Costs may be less if the landlord provides a construction allowance. These estimates assume no landlord contribution. These are only estimates.

(4) Signage. This estimate is for exterior, front signage consisting of one or more of a pole, awning, channel letter and/or monument sign(s), vinyl sign on the doorway and stainless steel laser cut logo sign in the reception area.

(5) Rent. You obtain premises for your Rivali Paint Protection business. This estimate assumes you rent or lease. The low estimate assumes a lease rate of about \$1.35 per square foot per month for premises of about 2600 square feet. The estimate is for three months' rent and a lease security deposit equal to one months' rent. ($\$1.35 \times 2600 \times 4 = \$14,040$). The high estimate assumes a lease rate of about \$4 per square foot per month for premises of about 6,000 square feet. ($\$4 \times$

6,000 x 4 = \$96,000). If your lease is for premises larger than 6,000 square feet or at higher rent than \$4 per square foot, your actual cost could exceed the high estimate. These estimates assume no free rent period in the first three months.

(6) Utilities and Utility Security Deposits. You may have to pay deposits before installation or start of service of telephone, gas, electric, water, internet and other utilities. The low-end assumes some utility providers require lower or no security deposit. We estimate deposits at \$300 - \$800. We estimate your utility expenses for three months at about \$600 for telephone, \$300 for gas, \$900 for electric, \$900 for water and \$450 for internet.

(7) Equipment. This includes polishers, pressure washers, vacuums, blowers, steam cleaner, lifts/jacks and plotter. Other items may include compressor, air hoses, floor jack, generator, battery charger, work bench, bench vice, bench grinder, drill press, toolbox and other hand tools, stools, storage cabinet, parts bin, film wall rack, pushcart, fender covers, power tools, tool set, tint and film tools, glass, peel boards; heat guns, steamer, electronics scope, programming tool, detaining tools, buffers, pads, brushes, knives, blades, tapes, cutters, shop trash pails, mop, buckets, squeegees, janitorial supplies, first aid kit and other supplies.

(8) Office Equipment; Furniture and Supplies. These estimates are for desks, office chairs, filing cabinets, computer, printer, desk items and office supplies, guest chairs, other lobby furniture and wall decor. The estimates represent costs to purchase these.

(9) Point of Sale System. You must record all sales and related activities on a point-of-sale system as specified in the Operations Manual and from an Approved Supplier. The point-of-sale system will operate our currently approved software and allow you to participate in the System. We will have independent access to the information that will be generated or stored in your point-of-sale system, such as financial and marketing information. You must provide us with login information, and it will be a material default of the Franchise Agreement if we are denied access to Your point-of-sale system. There are no contractual limitations on our right to access this information.

(10) Initial Inventory. This is initial inventory of polishes, soaps, sprays, film, paint protection film, coatings and other supplies used in the business. You will obtain most of the inventory from us.

(11) Insurance. You must obtain comprehensive general liability insurance including broad form contractual liability, personal and advertising injury; products/completed operation and garage keepers' liability with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate and fire damage liability of at least \$300,000 per fire and medical expense coverage of at least \$5,000 per person. You must obtain insurance for replacement cost for loss of fixtures, equipment, supplies, products and other property used in the business, workers' compensation and employer's liability insurance of \$1,000,000. We require you to obtain \$500,000 of employment practices liability insurance. Each policy must insure us and you. You must obtain business interruption insurance, automobile liability insurance, including owned, hired and non-owned vehicle coverage, of at least \$1,000,000; any insurance required by your lease, and umbrella coverage of at least \$1,000,000. The lower estimate represents a less expensive package of the above insurance or the first quarterly payment of an annual premium. The higher figure represents an approximate

annual premium and assumes you pay this in full in a lump sum. It is possible to purchase additional insurance or more costly insurance and thus to exceed the high estimate.

(12) Training. You arrange transportation and pay for meals and lodging for you and your employee who attend our training. You pay your employee during training. The amount of your expense will depend on travel, type of travel, lodging you choose, and rate of compensation. You come to our headquarters or other location we designate for about 10 days. The low estimate assumes you and your employee are located near enough to us, so you have no travel expenses and assumes you do not pay yourself and you pay one employee for time in training, approximately minimum wage. If you and an employee travel to us or other location, you should expect at least \$500 per day for food and lodging in addition to compensation of your employee at about minimum wage, plus about \$100 of fuel cost if you drive, more if you fly. The high estimate assumes expenses of about \$500 per person per day for food and lodging, in addition to compensation of your employee at about minimum wage for about 10 days, plus \$350 per person for round-trip air fare for you and your employee.

(13) Licenses/Permits. These estimates are for costs of local licenses and permits. The high estimates assume you have more expense because you might have a facility changing use from a non-automobile building to an automobile use and may need a permit to change the use. Other permits like waste disposal permits and other types of permits and licenses add to the high estimate.

(14) Professional Advisors. You should consult professional advisors like a lawyer and accountant.

(15) Working Capital. We considered approximately 4-7 months will be needed to generate revenue and the possibility of unexpected expenses. The Franchise Agreement states you are required to maintain a cash reserve in the bank of the greater of \$25,000 or one month's expenses. We estimate this to be about \$25,000 to \$50,000. We do not assure these amounts will be enough. You may need more working capital if sales are low or costs are high. We relied on our officer's experience of more than 10 years (including 8 years at Concours Auto Spa), and consulted with Concours Auto Spa in developing these estimates. You should review these estimates carefully with a business advisor before making any decision to purchase the franchise.

(16) Totals. The amounts in each row, and the totals are not exact. They are estimates to give you an idea of the expenses and a source for comparison to your own analysis. You should review these estimates with a business advisor before making any decision. You should not plan to draw income from operations during the start-up and development stage of your franchise, which could exceed three-months. You should plan to have reserves to cover other expenses, losses or unanticipated events during the start-up and development stage or beyond. Generally, none of the expenses in this table is refundable, except security deposits may be refundable and some of the premium may be refunded when an insurance policy is cancelled before its term ends. We do not provide direct or indirect financing.

ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Site Selection

You are required to select a site for your Rivali Paint Protection Business that meets our approval no later than 90 days after you sign the Franchise Agreement. If your shop is a new Rivali Paint Protection business, you agree to lease or purchase a location within 90 days and open for business within six (6) months after the date of your Franchise Agreement. If no acceptable site is found and agreed to by the parties and a lease signed by you within ninety (90) days from the date of the Franchise Agreement, then on written notice from us, the Franchise Agreement shall be terminated. However, if you fail to open your Center within this time due to reasons beyond your control (such as acts of God, unavoidable delays in obtaining zoning permits or unavoidable construction delays), we will consider granting a reasonable extension of time for you to open.

We have the right to approve the terms of any lease, sublease or purchase contract for the premises of your Rivali Paint Protection Business. Approval will not be unreasonably withheld. Any lease or sublease for the premises must contain certain provisions acceptable to us. These include a provision giving us the right on termination or expiration of the Franchise Agreement to assume the lease or sublease or to enter into a further sublease for a period of not less than 12 months and not more than 18 months, without the lessor's or sublessor's consent. (Conditional Lease Assignment, Exhibit H).

You must not share and must not conduct, operate or permit anyone else to conduct or operate any other business or activity from or at the premises.

Developing and Opening Your Rivali Paint Protection Business

We estimate it will be about six (6) months after you sign the Franchise Agreement before you open the Rivali Paint Protection business. This assumes you already have a site or find one within 90 days after signing the Franchise Agreement. You must submit the plans and specifications to us for our approval before starting to develop the premises of your Rivali Paint Protection business. The timetable for opening depends on the site's condition; construction schedule; extent that you must upgrade or remodel an existing location, delivery schedule for equipment and supplies, completion of training; and complying with all laws, ordinances and local rules and regulations (including Americans with Disabilities Act and Occupational Safety and Health Act). You are solely responsible for developing and operating your Rivali Paint Protection business and all associated expenses.

Your Rivali Paint Protection business may not open until we notify you in writing that all our requirements for opening have been met: you pay the initial franchise fee and other amounts due us and our affiliates; we notify you in writing that the Rivali Paint Protection business meets our standards and specifications; you complete pre-opening training to our satisfaction; and you give us certificates for all required business licenses and insurance policies.

Equipment, Products, Inventory and Supplies

All equipment and fixtures you use in establishing and operating your Rivali Paint Protection business (“Operating Assets”) must be types, brands and models we determine meet our standards and specifications as to quality performance and safety, and/or are purchased from suppliers we approve (“Approved Suppliers”). This includes purchasing or leasing all equipment, furnishings, fixtures, signs, products, inventory, supplies, software, uniforms, apparel, forms, labels, and services that meets our uniform quality standards and specifications and purchasing these items from: (1) us or our affiliates, (2) our designees, or (3) approved suppliers. Purchases from us may be reflected in a Bill of Sale, of which our current form is attached as Exhibit D to this Disclosure Document.

CAS Franchise Supplies, Inc. is an Approved Supplier and owned by Doug de Coster, who is the father of Brett de Coster. CAS Franchise Supplies is the only Approved Supplier for most of the automobile cleaning and protection items and tools required for your Rivali Paint Protection business. In addition, we require you to use specific vendors for protection paint film, tint, and vinyl. We may update our list of Approved Suppliers as we deem necessary or appropriate.

The appearance and operation of your Rivali Paint Protection business is important to us and is subject to our specifications and standards. The distinguishing: appearance and characteristics of the System include, but are not limited to, our store designs, digital showrooms, layouts; and identification schemes (“Trade Dress”); our specifications for equipment, inventory, and accessories; our products and services; our website or series of websites (“System Website”); relationships with vendors; our software and computer programs; our online stores; booking system; the accumulated experience reflected in our training program; operating procedures, customer service standards, methods, and marketing techniques; and the mandatory and suggested policies, procedures; standards, specifications, rules, and requirements (“System Standards”) set out in our operations manual (“Operations Manual”) and otherwise in writing. We may change; improve, add to; and further develop the elements of the System from time to time.

Your Rivali Paint Protection business may purchase only from Approved Suppliers we designate, which may include us and/or our affiliates. A list of Approved Suppliers may be in our Operations Manual, in policy and procedures statements, or provided to you by other written communication. Any such list may be amended and/or updated by us at any time. We expect to periodically test equipment, products, services and tools at our location in Torrance, California before approval for use by franchisees.

If you want to sell or use a product, supply or service we have not approved, or buy from a supplier we have not approved, you must tell us in writing and ask our consent. You provide us their name and address, description of proposed product or service, and other information we request and if we request, samples. We try to let you know our decision or our need to do further evaluation, within 14 days after receiving all requested information (potentially longer for items of significant infrastructure). You pay or reimburse our costs to evaluate and consider any proposed supplier and/or product. We have not established definitive criteria for approving suppliers and accordingly at the effective date of this Disclosure Document, specific criteria for approving suppliers are not provided to franchisees. We can revoke consent previously given, by notifying you in writing.

Advertising

Each month you must spend at least 3% of the prior month Gross Revenue on local advertising and promotion. Your local advertising and promotion is subject to our approval. You must comply with our rules, restrictions and guidelines for advertising.

You must participate in promotion and marketing programs we establish. You must cooperate and when we require participate in additional programs we establish and designate, including coupons, smartphone, tablet and other mobile device applications, rewards and loyalty programs, and other programs, and comply with our rules and regulations.

Insurance

You must obtain and maintain insurance protecting you and us and our officers, directors and employees against loss, liability, injury, death, property damage or expense arising or occurring on or in connection with your Rivali Paint Protection Business. The policy(s) must name us and our shareholders, directors, officers and personnel as additional insureds. The insurance company(s) must be licensed in the state where you operate and have an A.M. Best and other rating in accordance with our specifications, which currently are A.M. Best rating of A-VIII or better.

You must obtain comprehensive general liability insurance including broad form contractual liability, personal and advertising injury; products/completed operation and garage keepers liability with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate; fire damage liability of at least three hundred thousand dollars (\$300,000) per fire and medical expense coverage of at least five thousand dollars (\$5,000) per person. You must obtain insurance for loss of equipment, supplies, products and other property used in the business, workers' compensation and employer's liability insurance of \$1,000,000. We require you to obtain \$500,000 of employment practices liability insurance. Each policy must insure us and you. You must obtain business interruption insurance, automobile liability insurance, including owned, hired and non-owned vehicle coverage, of at least \$1,000,000; any insurance required by your lease, and umbrella coverage of at least \$1,000,000. The lower estimate represents a less expensive package of insurance or a quarterly payment of an annual premium. The higher figure represents an approximate annual premium and assumes you pay this in full in a lump sum. It is possible to purchase additional insurance or more costly insurance and thus to exceed the high estimate. Deductibles in the above coverages must not exceed \$10,000. We can modify these required coverages and amounts and deductible limits.

Within 90 days after signing the Franchise Agreement and by the time you lease or acquire an interest in premises you must provide us a certificate of insurance and copy of the full policy(s) showing you met the above requirements. The certificate must state that the policy(s) will not be canceled or altered without at least 30 days prior written notice to us and must show proof of payment of premiums. Annually, and whenever we ask, you must provide us certificates of insurance and copies of complete policies.

If you don't obtain and maintain all required insurance, we can get all or part of the insurance or comparable coverage that we are able or choose to obtain. You pay the charges for the insurance and a reasonable fee for expenses incurred by us.

Items From Which We Derive Revenue

We (or our affiliates) will derive revenue from purchases you are required to make from us (or our affiliates) of products for resale. The revenue will equal amounts you pay us (or our affiliates) for such items. At the issuance date of this disclosure document, we did not yet have revenue because we were recently formed. For this reason, our revenue from required purchases and leases was also zero.

We could designate supplies or products from companies that are publicly traded. Any of our officers could own stock in publicly traded companies. We are not obligated to make our criteria for approving suppliers available to you.

We may negotiate purchase arrangements with some suppliers. These may require that our system meet minimum volume, percentage of purchase and other requirements. Some suppliers may pay us rebates or other consideration based on sales to you. If we receive these payments, we will have the option to pay all or a portion of the funds to you (and/or other franchisees) and/or keep them for ourself as we determine. There are no such arrangements at present specifically for the Rivali Paint Protection System.

We could seek to negotiate group rates for purchases of products and materials with suppliers in our discretion. We have not done so yet. There are no purchasing or distribution cooperatives at this time.

Ratios of Your Purchases of Certain Items to All Your Expenditures

We estimate that between approximately 79% and 87% of your expenditures are for leases and purchases in starting your Rivali Paint Protection business for which suppliers must be approved by us, or which must meet our standards or specifications, and between approximately 47% and 53% of your ongoing operational expenditures will be for goods and services for which suppliers must be approved by us, or which must meet our standards or specifications. These estimates assume you purchase. If you do not purchase these, or if you save money by buying lower priced used equipment or by leasing, then your percentages could be higher than these estimates. We include inventory purchases in the above figures.

Benefits From Compliance

We do not provide or withhold material benefits to you (like renewal rights or right to open additional Rivali Paint Protection franchises) based on whether or not you buy through sources we designate or approve. But purchases of unapproved products or services or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

Phone Numbers and Communications

You are required to obtain and maintain a telephone listing and at least two (2) phone numbers for use in your Rivali Paint Protection business. These are proprietary to us and on termination or expiration of the Franchise Agreement, you must sign documentation for assignment of these to us. (Exhibit I)

Internet and Social Media

Any internet website and social media presence you establish must comply with our standards and in our Operations Manual. We can require you to include, delete and/or edit content on your internet website and social media presence. You must comply with our requests. We can require you to stop using any particular or all internet website(s) and social media and to participate in internet website(s) and social media we may establish.

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 the Disclosure Document.

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document Item</u>
a.	Site selection and acquisition/ lease	1 and 3	8 and 11
b.	Pre-opening purchases/leases	3 and 12	7, 8, 11
c.	Site development and other pre-opening requirements	3 and 12	8, 11
d.	Initial and ongoing training	4	11
e.	Opening	12.D.	11
f.	Fees	1.G., 2.B.9, 3.A., 10.11.e., 15.I., 16.E. and 18.B.2.b.7	5, 6,7
g.	Compliance with standards and policies/operating manuals	6, 7 and 12.A.	11
h.	Trademarks and proprietary information	5, 6, 7 and 15.D.-E.	13, 14
i.	Restrictions on products/services offered	1 and 12	8, 16
j.	Warranty and customer service requirements	12	n/a
k.	Territory development and sales quotas	e	n/a
l.	Ongoing product/service purchases	12	8
m.	Maintenance, appearance and remodeling requirements	3, 12	n/a
n.	Insurance	14	6,7

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document Item</u>
o.	Advertising	9, 12	8, 11
p.	Indemnification	14, 16E, 18.B.4, 21 and 23.C.	6, 8
q.	Owner's participation/ management/ staffing	4.H., 12, 15, 21, 23.B. and 32	15
r.	Records and reports	10, 11, 12 and 16.B.8.	n/a
s.	Inspection and audits	5.E., 11.E., 12.O., 13.B. and 15.I	6
t.	Transfer	18, 19 and 20	17
u.	Renewal	2.B.	17
v.	Post-termination obligations	15 and 17	17
w.	Non-competition covenants	15	17
x.	Dispute resolution	26 and 30	17
y.	Social Media Compliance	12.W.	8

ITEM 10: **FINANCING**

Neither we nor any agent or affiliate of ours offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

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

Except as listed below we are not required to provide you with any assistance:

(a) **Our Obligations Before You Start Operating:**

1. Agree on a location for your Rivali Paint Protection franchise (Fran. Agrmt. § 3.)

Factors we consider in approving or withholding approval of a proposed location include such aspects as size, layout and nature of space, its suitability for the business, available utilities, demographics, population, traffic and traffic patterns, convenience, parking, safety, zoning, neighborhood and physical characteristics of premises. We evaluate proposed sites case-by-case and try to tell you in writing of our acceptance or rejection within 14 days after we receive your request and all information.

You identify to us a proposed site that meets our specifications and criteria. We may send a representative to accompany you on a visit to a potential site. You arrange the visits before our representative arrives, to economize the time involved. We may veto any proposed site and will tell you our reasons. Otherwise, we do not assist in locating premises, negotiating a lease, construction or build-out, conforming the location to meet local rules or zoning requirements or recruiting or hiring employees. We don't have special knowledge in selecting sites. Our approval does not mean your Rivali Paint Protection Business will achieve particular results.

2. Brett de Coster will provide initial training to you and one of your personnel. (Fran. Agrmt. § 4.A.) You must complete and have your personnel complete the training to our satisfaction. If you previously completed training for a Rivali Paint Protection Business, we can elect to waive or provide modified refresher training. (Fran. Agrmt. § 4.E.)

3. We'll loan you or provide you electronic access to our Confidential Operating Manual. It will contain specifications, standards, operating procedures and rules for the Rivali Paint Protection business and information relative to your obligations. We can add to and modify the Manual. You must keep the manual confidential. (Fran. Agrmt. § 6.C.). You must operate your Rivali Paint Protection business in compliance with the Franchise Agreement and Manuals.

You alone exercise day-to-day control over all operations, activities and elements of the Rivali Paint Protection Business, including over your employees. Under no circumstances will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the system that you must comply with under the Franchise Agreement and Manual do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Rivali Paint Protection business, but are only standards which you must adhere to when exercising your control over day-to-day operations of your Rivali Paint Protection business consistent with our policies. (Fran. Agrmt. § 6.D.)

4. We'll provide you lists of approved suppliers and distributors and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate your Rivali Paint Protection business. The lists will specify manufacturers, brand names, suppliers and distributors and inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services we approve. We can revise these lists. For some, most or potentially all products or services we could designate ourself or an affiliate, as an approved supplier or sole approved supplier. (Fran. Agrmt. § 12.J.) We do not purchase, deliver or install items for you.

(b) Length of Time Between Signing and Opening.

We started offering franchises after the effective date of this Disclosure Document. There is not yet a typical length of time between signing the franchise agreement and opening the Rivali Paint Protection business. Factors that may affect the length of time include obtaining a location that meets our approval, leasehold improvements and build-out, time of year, completion of our initial training, availability of equipment, products and supplies, obtaining government inspections and occupancy permits if needed, and any other circumstances, some beyond ours or your control, that could cause delay.

Our Obligations to You After You Start Operating:

1. Provide additional and refresher trainings, conferences, meetings or conventions when we think it is appropriate. (Fran. Agrmt. § 4.G.)
2. Review proposed advertising you submit for our approval and tell you if we approve the proposed advertising or not. (Fran. Agrmt. § 9.A.)
3. We may suggest prices for you to consider charging. Unless we say otherwise, you set your prices. When allowed by law, we could set minimum or maximum prices or both, or specific prices or price ranges. You must comply with these if we say so. Our suggested or required pricing may be based on a range of factors; we do not represent that they will increase or maximize your revenues or profit. You must keep us informed of prices you charge. You must not advertise prices in any marketing material without our prior written consent (Fran. Agrmt. § 12.C.)
4. Revise our list of approved supplies and approved suppliers from time to time and provide you the revisions. (Fran. Agrmt. § 12.J.)
5. Designate services and products you must offer for sale to your customers. (Fran. Agrmt. § 12.E.)
6. Consider, evaluate and let you know our decision on products, supplies or services you propose after you provide us information and samples we request. (Fran. Agrmt. § 12.K.)
7. We may make available to you reasonable support, advice, guidance and consultation, or refer you to an adviser, in relation to operation of the Rivali Paint Protection Business including administration, the System, promotion and marketing and methods of performing the Services. We may provide advice in techniques seeking to achieve sales or secure customers. (Fran. Agrmt. § 13.)
8. Provide you updates, amendments, improvements or additions to the Manual. (Fran. Agrmt. § 12.A.)
9. If you have not cured a default in 10 days from written notice, we can elect to operate the Rivali Paint Protection business or have a representative do so. If we do this, you pay fees and any reasonable travel, accommodation and other expenses (Fran. Agrmt. § 16E)

(c) Advertising.

You may use your own advertising: You must first get our written approval. You submit to us or our designated agency, for prior consent, all promotion materials and advertising you propose to use, such as advertising proposed for use in newspapers, radio and tv, online advertising and social networking specialty and novelty items, signs, containers and boxes. If we don't respond within 14 days with consent or disapproval, the proposed advertising is not approved.

Grand Opening: We estimate you will expend between \$8,000 to \$12,000 from approximately one month before opening through the first 60 days of operation to advertise and promote opening of your business by newspaper, direct mail and/or other media. The grand opening advertising will be according to a grand opening program you prepare and submit to us for our approval. If you elect to spend more, your actual expense could exceed the high estimate.

Local Marketing: Monthly, you must spend at least 3% of your Gross Revenues from the prior month on local advertising and promotion. The expenditures must be made by you, subject to approval from us or our designated ad agency. Within ten (10) days after the end of each calendar year, you must provide us an accounting of your expenditures on local advertising and promotion. You must comply with our rules, restrictions and guidelines for local advertising.

(d) Promotion Fund

You must contribute an amount we specify, not exceeding 3% of Gross Revenues to the Rivali Paint Protection Promotion Fund. These payments will be made together with royalty payments. These payments will be credited toward amounts you are required to spend on local advertising, described below.

If and when we establish the Promotion Fund, we or our designee will direct all advertising programs with sole discretion over the creative concepts, materials and media and their placement and allocation. We will administer the Promotion Fund. The fund is intended to help develop general public recognition and acceptance of the Rivali Paint Protection trademarks to benefit the system. We don't promise the fund's expenditures will be equivalent or proportionate in some way or any way to your contribution, or that you or any franchisee will benefit directly or pro rata from placement of advertising by the fund.

Monies in the Promotion Fund may be used to for a wide range of purposes, among them to maintain, administer, direct, produce and prepare promotions and advertising, costs of conducting public relations, advertising and producing promotion brochures and other marketing materials. These monies may be commingled with our other funds or kept in a separate account from our other monies.

The Promotion Fund won't be used to solicit selling franchises or to defray our general operating expenses, except for reasonable administrative costs and overhead, not to exceed 20% of amounts contributed to the fund, that we incur in activities reasonably related to the administration or direction of the fund and advertising programs including, without limitation, market research, preparing marketing and advertising materials and collecting and accounting for assessments for the fund.

We can spend, for the fund, in a fiscal year or other period more or less than the aggregate contributions to the fund in a time period. The fund may borrow to cover deficits or invest surplus for future use. If we lend money to the fund, we can charge interest at 1% above the rate we pay lenders, or other reasonable rate. We have the right but are not obligated, to cause the fund to be incorporated or operated through a separate entity.

We can terminate the fund. We won't terminate the fund until all monies in the fund have been expended for advertising and promotion purposes or returned to franchisees. If terminated, we can restart the fund or a new Promotion Fund.

An accounting will be prepared annually and made available to you on request. We can require that the annual accounting include an audit prepared by an independent CPA, prepared at the expense of the fund.

We can contribute to the fund or pay to franchisees or retain for our use or other purposes any rebates paid to us by suppliers on account of your purchases. For each Rivali Paint Protection business we own similar to your franchised business, we'll contribute similarly to what is required of you.

Each month, you must spend at least 3% of Gross Revenues on local advertising and promotion. This expense is in addition to labor costs for your personnel. To the extent you advertise by bartering and/or giving away services promoting Rivali Paint Protection or your Paint Protection, only your costs for the bartered service or merchandise will count toward the local advertising and promotion expense. The expenditures must be made directly by you, subject to approval from us or our designated ad agency. Within 10 days after the end of each calendar month, you must provide us an accounting of your expenditures on local advertising and promotion for the month just ended. You must comply with our rules, restrictions and guidelines for local advertising.

At the effective date of this Disclosure Document, we had not established the Promotion Fund, so no monies were contributed to a fund and no fund monies were used in the most recent year. We are not required to spend any amount on advertising in any particular area or at all. There is no council of franchisees that advises us on advertising policies.

(e) Cooperative

We can establish regional advertising cooperatives in one or more areas having multiple Rivali Paint Protection businesses. We can require cooperatives to be formed, changed, dissolved or merged. You must participate in and contribute to the cooperative according to rules and procedures determined by majority of the cooperative's members. You won't be required to contribute more than 3% of monthly gross revenues. The rules will be subject to our approval or veto. Your contributions to the cooperative will be additional to required contributions to the Promotion Fund and will be credited toward your required expenditures for local advertising. We'll have the right to require that proposed organizational documents and operating procedures get our consent before adoption and conform to specifications and guidelines we establish. We can participate in deliberations and veto decisions of the cooperative. At the effective date of this Disclosure Document no cooperatives had been established.

(f) Website, Social Media and Internet.

We can, but we are not obligated to, establish and maintain one or more websites promoting the trademarks and system. We have sole control over the website and social media. We can stop its operation at any time without notice. Unless you get our prior written consent, you are not allowed to establish or maintain a separate website, splash page, any kind of presence on the

Internet or presence through social media or social networking site relating to the operation of the business. If we grant you a right to operate a separate website and/or a splash page, maintain an internet presence or presence through any social networking site, you must do so according to our standards and policies in the Manual or otherwise in writing from time to time. We can modify or supplement our policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

(g) POS/Computer Systems.

You must record all sales and related activities on a point-of-sale system as specified in the Operations Manual and from an Approved Supplier. The point-of-sale system will operate our currently approved software and allow you to participate in the System. We will have independent access to the information that will be generated or stored in your point-of-sale system, such as financial and marketing information. You must provide us with login information, and it will be a material default of the Franchise Agreement if we are denied access to Your point-of-sale system. There are no contractual limitations on our right to access this information.

We can require you to upgrade, replace or make other changes to the POS and customer management systems; there is no restriction on how much this may cost you or how often we require this. At the issuance date of this Disclosure Document, we were developing a proprietary management system, called Senza Rivali for estimating, deposits, scheduling, appointment reminders and customer management.

(f) Manuals. The table of contents for the Manual is attached as Exhibit J to this Disclosure Document. At the issuance of this Disclosure Document, the Manual had approximately 128 pages.

(g) Training.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
The history, goal & vision of Rivali Paint Protection	1	0	Torrance, CA
Procedures for finding and developing a franchise location	4	0	Torrance, CA
Pre-opening procedures, licenses and certifications	4	0	Torrance, CA
Part 1 testing	.5	0	Torrance, CA
Safety	0	4	Torrance, CA
Equipment and inventory requirements	2	2	Torrance, CA
Details on how to procure inventory, equipment and supplies	1	1	Torrance, CA
Daily operating procedures	2	2	Torrance, CA
Part 2 testing	.5	0	Torrance, CA

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Administrative and reporting obligations	2	0	Torrance, CA
Payroll, accounting and computer systems	2	0	Torrance, CA
Policies and Procedures	4	0	Torrance, CA
Part 3 testing	.5	0	Torrance, CA
Brand Standards	1	0	Torrance, CA
Marketing and advertising guidelines	2	0	Torrance, CA
Implementation of computer and accounting systems	4	0	Torrance, CA
Part 4 testing	.5	0	Torrance, CA
Customer service	2	0	Torrance, CA
Sales procedures	2	0	Torrance, CA
Customer Drop off and Pick up	2	0	Torrance, CA
Part 5 testing	.5	0	Torrance, CA
Basic washes, Details procedures	0	4	Torrance, CA
Paint correction procedures	0	8	Torrance, CA
Paint Protection Film and Tint preparation	0	2	Torrance, CA
Part 6 testing	.5	0	Torrance, CA
Ceramic Coating procedure	0	8	Torrance, CA
Paint Protection Film introduction	0	8	Torrance, CA
Tint Introduction	0	8	Torrance, CA
Part 7 testing	0	1	Torrance, CA
Review	4	0	Torrance, CA
Final Exam	2	0	Torrance, CA
Total	44	48	Torrance, CA

The above numbers of hours are only estimates and may be adjusted based on further experience and assessment of a franchisee's strengths or areas needing additional attention. You and one additional supervisory or managerial personnel must successfully complete our training before you start operating your Rivali Paint Protection business.

We plan to schedule initial training as needed. We don't charge separately for training. You pay all travel, living and compensation expenses of your personnel. We don't pay you or your personnel even if some of the training involves working and performing service at an existing Rivali Paint Protection Business. Each training instructor has approximately 10 years' experience in the industry. Because we were incorporated in 2022 and offered franchises only since a date after the issuance date of this Disclosure Document, instructors do not have prior training

experience with us. The instructional materials for the initial training program will consist of the Operating Manual.

If we determine you or a person associated with you are unable, or we come to doubt your or their ability to satisfactorily complete any part of training, we can require attendance at additional training to prove the ability to operate the business to our satisfaction or require you or a new approved designee to complete the training subject to our then-current training requirements or terminate the Franchise Agreement. Upon termination of the Franchise Agreement, we will be deemed to be fully released from any and all claims or causes of action you may have or claim to have against us, our shareholders, directors, officers and personnel.

We can require you and your personnel to attend and successfully complete new or refresher training. These may be at locations we designate. These may be conducted specifically for such persons or for a broader range of persons.

ITEM 12: **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The franchise will be for a specific location, which is subject to our approval. You propose a location. If it is acceptable to us, the location address will be stated in the Franchise Agreement. If you do not have or we have not approved a location when the Franchise Agreement is entered into, then the location will be designated later, and the Franchise Agreement will state a geographic area in which your Rivali Paint Protection Business will be located.

We will determine the size of your territory. We expect that a territory will be a circle with a 10 mile radius centered at your location. You do not receive additional territory on account of some of your territory being ocean, lake, mountains or other sparsely populated or unpopulated area. The ten mile radius could be partially adjusted to account for political boundaries, geographic conditions or for other reasons, so that the territory might have exceptions or might not be a circle. The area could be reduced in more highly populated metropolitan areas.

You may lease or purchase premises for your Rivali Paint Protection business. You must get our consent to any proposed lease. We can impose conditions to giving consent. Among the conditions we can impose are that the lease provide us the right, if we want, to receive an assignment of the lease on termination or expiration of the franchise or in case you would lose possession for breach or other reason; require the lessor to provide us a copy of any default notice sent to you and grant us the right (but not obligation) to cure any deficiency or default within 14 days after your time ends to cure the default if you fail to do so; authorize you to display the marks according to our specifications; allows construction of improvements meeting our requirements; and assures you will be free from disturbance or interference by the lessor's lender, lienholder, mortgagee or anyone having an interest or claim in the premises.

Our review or consent to a proposed lease is not an endorsement or approval of its terms or assurance of any results from the lease or location.

You need our prior written consent to relocate. We anticipate we may be willing to consent to you relocating if your lease ended without your fault or if your location is destroyed, condemned or rendered unusable, or if other circumstances make it appropriate to consider whether to possibly relocate. We would require the new location meet our requirements and the Rivali Paint Protection business be operating within 4 months of the loss of the existing location. That relocation would be at your expense, and we have the right to charge you a relocation fee of \$7,500.

During the term in the Franchise Agreement and so long as you are in full compliance with all Agreements with us, we will not grant a franchise to someone else and will not operate any other Rivali Paint Protection business in an area of approximately a ten (10) mile radius from your Rivali Paint Protection business. The specific area may alternatively be marked by street, political or other boundaries, rather than a circular radius. The area may be smaller for a more densely populated area like a metropolitan or downtown area. This designated area may be described more specifically in writing or on a map attached to the Franchise Agreement, or both.

Continuation of your territory does not depend on achieving a certain sales volume or market penetration or other contingency but does require you to remain in compliance with the Franchise Agreement. You do not receive any right of first refusal or other right to acquire additional franchises.

ITEM 13: **TRADEMARKS**

We grant you the right to operate a franchise under the name " Rivali Paint Protection" and may authorize you to use other marks we own or have the right to use. The following mark has been registered on the principal register of the U.S. Patent and Trademark Office:

Mark	Registration Number	Registration Date
Rivali Paint Protection	7171431	September 19, 2023

Applications for the following marks have been submitted on the principal register of the U.S. Patent and Trademark Office:

Mark	Application Number	Application Date
Rivali (Services)	97,421,958	May 20, 2022
Rivali (Products)	98,347,025	January 8, 2023
Senza Rivali (Software)	98,476,279	March 30, 2023

A license from CAS Alliance, Inc lets us use and franchise to you to use the marks. The license has no set term and can be terminated by either party at any time. CAS Alliance, Inc. is owned by our owner and officer (Brett de Coster). We do not expect they would terminate the license at any time that would be disruptive to us. Under the license, franchises granted to prior to termination may continue to use the marks for the rest of their franchise term and renewals. Other than this license and franchise agreements we enter into, no other agreement materially limits our right to use or license the use of marks.

As between you and us, we own the trademarks. Your right to use the marks comes only from the Franchise Agreement and is limited to conducting business pursuant to and in compliance with the Franchise Agreement. All your use of the marks and goodwill established by that use is for our benefit and does not confer in you any goodwill or other interest in the marks. You must not ever contest the validity or ownership of any of the marks or help anyone else to do so.

You must not use any of the marks or portion of any mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or any modified way. You must not use any of our marks in selling any unauthorized product or service or in any way not expressly authorized in writing by us. You must give notices of trademark and service mark registrations as we specify. You must obtain fictitious or assumed name registrations as required by law.

You must promptly notify us of any claim, demand or cause of action based on or arising from someone else using our marks or imitation of our marks. You must notify us of any action, claim or demand against you relating to our marks within 48 hours after you find out.

After we receive timely notice from you, we will have the right, but not the duty, to defend any such action. We can contest or bring action against a third party regarding their use of any of the marks. In the defense or prosecution of any litigation relating to the marks or parts of our system, you must cooperate with us and sign any documents and take actions that we ask.

If we think it advisable to modify or stop using any mark, and/or use one or more additional or substitute names or marks or symbols, you must comply with our direction to do so. We won't be liable with regard to such modification or discontinuance of any mark.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing the word "Rivali" or any term similar to "Rivali" without our prior written consent.

You must not do or permit anything to be done that conflict with our rights in the trademarks or any of our intellectual property and must not contest or help anyone else contest our ownership.

There are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

ITEM 14:
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not claim to own any patent or registered copyrights which are material to the franchise. However, we claim common law copyright and trade secret protection for several aspects of our system, methods, techniques and operational procedures; products, product specifications, design, décor, signage, manuals and all related materials including advertisement and promotion materials, though such materials may not be registered in the Copyright Office. These materials are proprietary and confidential and are our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials any time we deem appropriate.

There are no effective determinations of the Copyright Office or any court regarding any materials as to which we claim copyright rights. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses known to us, which could materially affect your use of the copyrighted materials in any state.

We may authorize you to use certain works we claim copyright rights to. These include the Operating Manual, advertisements, promotion materials, packaging, posters and signs and may include all or parts of the marks, software, trade dress and other portions of the System. These are our property.

We claim trade secret ownership in the Operations Manual and certain instruction methods, program materials, promotion materials (prior to public disclosure), marketing and business methods, advertising concepts and operating procedures. We anticipate that additional information will be trade secret. We'll disclose trade secrets to you in lending you the Operations Manual, providing you standard plans for a training location or storage container, and performing the Franchise Agreement. You must maintain confidentiality of our trade secrets during and after the term of the Franchise Agreement. You must not use our trade secrets in any other venture or any way not authorized in writing by us. You must not make any unauthorized copy of trade secrets. You must follow procedures we state to protect our trade secrets.

If you develop any method, process, procedure, program or project, in the course of your franchise, which we approve for use and/or sale in the Rivali Paint Protection business, it will be deemed to be a work-made-for-hire belonging to us, and automatically become our property. To the extent it is not deemed to be a work-made-for-hire, you assign all rights and ownership to us. At our request you must sign documents and take action we ask to enable us to secure all rights in us. If don't, then we can sign and act on your behalf as your attorney-in-fact.

We will provide you proprietary, confidential and trade secret information. Any improvements you develop or customer lists and databases you obtain will be our proprietary information. Our trade secrets include methods, programs, specifications, processes, procedures and/or improvements regarding our System and any information that is valuable and secret in the sense that it is not generally known to competitors of us. You must maintain confidentiality of all such information during and after the term of the franchise and must not use any such information in any other business or in any manner not specifically authorized or consented to in writing by us.

The goodwill associated with all phone and fax numbers, email addresses, domain names and social media and other Internet addresses used in operation of your Paint Protection is an asset that belongs to us. On cancellation, termination or expiration of the Franchise Agreement, you are deemed to have assigned to us or our designee all right, title and interest in and to these and service associated with these. You must sign instruments to further confirm the assignments and transfers to us (Exhibit I.) On our request you must notify phone companies, internet service providers, listing agencies, websites and others of termination, cancellation or expiration and transfer to us of these and any other phone directory listing associated with the marks and give notice of making the transfer to us.

We will be entitled to obtain restraining orders and injunctive relief to safeguard our proprietary and confidential information.

Your owners, directors, shareholders, partners and employees having access to our confidential and proprietary information must sign Franchisor's form of Non-Disclosure and Confidentiality Agreement attached to this Disclosure Document as Exhibit C. You must submit a copy of each signed non-disclosure agreement to us on signing and submit annual updates to us listing those individuals having access to our confidential and proprietary information.

We can change, update or modify the System, adopt and using new or modified trade names, trademarks, service marks or copyrighted materials, new systems, programs, products, equipment, point-of-sale system, computers, technologies, techniques, marketing, promotion and any other aspects or elements. We'll tell you of modifications through the Operating Manual or other means we select. You must comply with modifications we make. You must not modify or alter our system.

As further protection for our trade secrets and other proprietary information you must not directly or indirectly, yourself or through, on behalf of or in conjunction with any person or entity, divert or try to divert any business or customer to a competitor, or do any other act injurious or prejudicial to the goodwill associated with our marks or system; and you must not own, maintain, engage in or have an interest in any business or division of any business (including any business operated by you before entering into the Franchise Agreement) engaged in any one or more of paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, , detailing and interior and exterior car wash services where revenues from any one or more of these activities equals or exceeds twenty percent (20%) of revenue of the business or division of the business.

As further protection for our trade secrets and other proprietary information, you agree that, for one year after transfer, cancellation, expiration or termination of the Franchise Agreement, you will not, directly or indirectly, yourself or through, on behalf of or in conjunction with any person, persons, or entity, or in any business that competes with another Rivali Paint Protection franchisee or with us and which operates either from the location of your business or within 10 miles of that location or within 10 miles of any Rivali Paint Protection location. During the one year period you are not restricted from operating a business located more than 10 miles from your former location and more than 10 miles from each and every other Rivali Paint Protection location. The above restrictions do not apply to ownership of less than 1% of a class of outstanding stock of a business listed on the New York Stock Exchange or NASDAQ.

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

You are responsible for the operation of your Rivali Paint Protection business. The business may but need not be under your direct, on-premises supervision. You must devote full time and attention to managing and supervising activities of the Rivali Paint Protection business.

If we consent to you having less than full-time involvement, you must employ and retain an individual who will be vested with authority and responsibility for day-to-day operations. We don't have to consent. The manager must actively supervise and manage the Rivali Paint Protection business full time meet our education, experience, and other criteria for the position; be an individual acceptable to us; and successfully complete the initial training program to our satisfaction.

If you are a business entity, you must designate a manager acceptable to us who will be principally responsible for communicating with us about the operational and other ongoing matters concerning your Rivali Paint Protection business. We can require you to have your manager agree to restrictions against diverting business or having an interest in a competitive business.

You must supervise the operations of your Rivali Paint Protection business at all times. You must keep us informed of identity(s) of employee(s) acting as manager(s). If you select a substitute or additional supervisory or managerial personnel, you must make sure the supervisory or managerial personnel becomes a manager by successfully completing our initial training. If your supervisory or managerial personnel fails to complete the initial training and qualification period, you must designate a new supervisory or managerial personnel to become a manager.

You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve supervisory or managerial personnel for qualification to perform certain functions at your Paint Protection does not directly or indirectly vest us with power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the auto sap, including those related to hiring, firing, training, safety, establishing remuneration, compliance with wage and hour requirements, including minimum wage compliance, personnel policies, benefits, recordkeeping, including authorization of persons to work in the United States, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies and should do so in consultation with local legal counsel experienced in employment law.

All holders of a legal and equitable, or beneficial interest in the business must personally guarantee performance of all your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guarantee attached to the Franchise Agreement.

Certain individuals associated with your business, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff are required to sign nondisclosure and/or non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

ITEM 16:
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide only services and sell only merchandise and not offer, sell or provide any other services, products or other business unless permitted by us or with our written consent. If someone asks for services or items other than the authorized Services or Merchandise, you must tell us and not supply those services or products nor refer the request or recommend any other supplier except with our written consent. We can set up referral arrangements with third party suppliers for such services or products and we can receive a commission. You must comply with those arrangements.

You must offer all services, programs and products we designate, and must not offer and must stop offering any service, program or product we restrict or prohibit. The Franchise Agreement does not restrict us from making such changes.

You cannot have any vending machine, automated teller machine, amusement device, video game, other gaming or entertainment device, pay phone or other automated entertainment or service device at your facility other than those we specify.

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

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise agreement. You should read these provisions in the agreement attached to this disclosure document.

FRANCHISE AGREEMENT

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of term of the franchise	2.A.	Term is 10 years.
b. Renewal or extension of term	2.B.	Renewal term is 10 years.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
c. Requirements for you to renew or extend	2.B.	You must give us written notice of election to renew 180 – 270 days before expiration of term; you must have fully complied with Franchise Agreement; at time of giving notice of renewal, not be in default; no material default during term; maintain possession of location; bring Rivali Paint Protection business into compliance with our specifications and standards; satisfy all money obligations to us; sign our then-current Franchise Agreement (with changes for a renewal; terms may materially differ from current Franchise Agreement, including different fees and other materially different terms); comply with our then qualifications and training requirements; sign general release; pay renewal fee of \$19,750.
d. Termination by you	16.A.	You may not terminate Franchise Agreement before its term ends.
e. Termination by us without cause	None	We don't have right to terminate Franchise Agreement without cause.
f. Termination by us with cause	16.B. 16.C.	We can terminate Franchise Agreement on delivering notice if you are in default.
g. "Cause" defined - curable defaults	16.B. 16.C.	Lack required working capital and not cure in 30 days; not pay amount due and not cure in 7 days; not comply with other provision of Franchise Agreement, or specification, standard or operating procedure and not cure in 30 days, or lesser time we specify, or fail to make all reasonable efforts to cure or continue to make all reasonable efforts until cured, or failure that can't be corrected in stated time.
h. "Cause" defined - non-curable defaults	16.B. 16.C.	Fail to complete training; misrepresentation or omission; conviction or no contest to felony, crime or offense likely to hurt reputation of us or Franchised Business; become subject of media attention or risk of media attention, that may hurt reputation or goodwill of marks; unauthorized use, disclosure or duplication of any part of manual or trade secret or confidential information, abandon, fail or refuse to actively operate Franchised Business 2 business days in 12 months; surrender or transfer control of Franchised Business operation, unauthorized assignment of franchise or ownership interest, fail or refuse to assign franchise or interest of deceased or disabled controlling owner; 2 or more understatements of net sales by over 2%; bankruptcy, insolvency, filing, act or petition of insolvency, appointment of receiver; assignment for benefit of creditors; judgment unsatisfied 30 days; foreclosure suit re lien or mortgage against premises or equipment not dismissed in 30 days; or not in process of being dismissed; misuse or unauthorized use of mark or act that may hurt goodwill of marks; misuse or unauthorized use of software; fail 2 or more times in 12 months to submit reports, information or records on time, or to pay amounts when due, fail to comply with Franchise Agreement, whether or not corrected after notice; violate health, safety or sanitation law, ordinance or regulation, fail govt. inspection resulting in permanent or temporary

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		closure or operate Franchised Business in a way that presents health or safety hazard to customers or public; fail 2 or more times in 12 months to maintain required working capital.
i. Your obligations on termination/non-renewal	17	<p>Stop operating, not hold self as present or former franchisee; provide information we request re lease; assign lease to us if we ask; stop using our confidential methods, procedures, techniques, marks, forms, slogans, signs, symbols, logos or devices associated with system, advertising, stationery and other articles displaying marks; cancel or assign to us or our designee assumed name rights or registration for "Rivali Paint Protection" or any mark; alter premises and change phone and fax to prevent association with us, make additional changes we ask. If you don't comply we can do so, at your expense. You must not use any version of our marks, and nothing that suggests association/connection with us. You pay all sums owing to us. In termination for default, pay us liquidated damages of (i) 2 times royalties payable to us for prior 12 months (if Franchised Business operated less than 12 months, then 2 times average monthly royalties for actual operating period projected to 12 mos.) and (ii) number of months remaining until end of term times average monthly royalties payable to us for prior 12 months. Pay us all damages, costs and expenses, including attorneys' fees, to enforce Agreement; turn over manuals, customer lists, databases, records, files, instructions, brochures, agreements and all materials provided by us and not keep any copy. Provide us access to take possession of sign, sign faces or other items bearing marks and graphics, memorabilia, stickers, wraps, banners or novelty items; sell us Franchised Business assets if we exercise our option to buy; comply with post-term restrictive covenants.</p> <p>If you continue to accept the benefits of the Franchise Agreement after it expires, we can treat it as 1) expired as of the Expiration Date and operating without a license in violation of our rights; or 2) continuing as a Month-to-Month Agreement until one party provides written notice of intent to terminate or non-renew, in which case the Month-to-Month Agreement will terminate or expire, as applicable, 30 days after receipt of the notice or as required by applicable law, for a longer period.</p>
j. Assignment of contract by us	18.A.	<p>We can assign and transfer the Franchise Agreement. We can sell our assets, marks or system, make a public offering of securities; do a private placement of securities; merge, acquire other entities or be acquired, even if competitive with you and/or the system. We can refinance, recapitalize, do a leveraged buyout or other restructuring. We can merge, acquire or affiliate with a competitive or non-competitive franchise network, chain or other business regardless of location(s), and operate, franchise or license those businesses and/or facilities as parts of our franchise, regardless of effect on you.</p>

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
k. "Transfer" by you – defined	18.B.	Sale, assignment, transfer, conveyance, gift, encumbrance, voluntary or involuntary or by operation of law, of control (power to direct or cause direction of management or policies whether through voting securities or general partnership or managing member interests, by contract or otherwise); or of all or any part of your interest in your entity, the Franchise Agreement, any interest in you or the Franchised Business, or any interest in or ownership of proprietorship, partnership, limited liability company, corporation or other organization which owns an interest in you or the Franchise Agreement, the franchise, or Franchised Business. This also includes purported transfer through shell, or through divorce or separation proceedings.
l. Our approval of transfer by you	18.B.	You cannot assign or transfer without first getting our written consent. You must not advertise a sale, or list for sale without our prior written consent. A purported transfer not meeting the conditions and requirements in the Franchise Agreement (summarized in Row m, below) will be null and void and without effect and will be a breach of the Franchise Agreement.
m. Conditions for our approval of transfer	18	<p>You must give us 90 days written notice prior to any proposed sale or assignment.</p> <p>Transferee must be individual or new entity; charter must limit activities to Rivali Pain Protection franchisee, no change in control, no change in president and/or chief executive officer, manager, general partner, or person holding highest position in franchisee; transferee must assume and agree to joint and several liability for all franchisee's obligations; each 10% or larger owner must enter into agreement guaranteeing full payment and performance; each formation, management, and ownership document and certificate must restrict transfer; no issuance of new shares/membership interests without our prior written consent and then only on disclosure of terms and conditions described; all money obligations to us and our affiliates must be paid and cannot be in default.</p> <p>For transfer other than above, or that alone or with others changes control to someone other than original signer of franchise agreement, we can withhold consent. We may consent if above conditions and following are satisfied: transfer is subject to our right of first refusal (Row n); proposed transferee(s) have good moral character and reputation, good credit rating, good business qualifications acceptable to us, and you provide us information we require to make these determinations; proposed transferee(s) or other individual(s) who will manage the franchise successfully completed our training or satisfied us of ability to operate the business; proposed transferee(s), (including shareholders, officers, directors, members, managers and partners) jointly and severally sign Franchise Agreement and other ancillary agreements and written assignment. You must sign a</p>

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		general release in a form we set in favor of us and our officers, directors, agents and employees. You must have paid and satisfied all obligations to us. Transferee must have paid a transfer fee of \$7,500. Sale price must not be so high, or terms so onerous, that in our judgment, significant risk exists that transferee will not be able to meet financial and other obligations to us or others. If proposed transferee is an entity, each owner and spouse must jointly and severally guarantee performance. You remain subject to all obligations in Franchise Agreement that survive transfer, termination or expiration. You must transfer your rights to all contracts for which continuation is necessary to operate Franchised Business and satisfy any conditions to obtain third party consents. The proposed transferee must sign all documents and agreements required by us. We can require you to sign a guarantee of the performance and payment by the transferee. All third party consents must be obtained.
n. Our right of first refusal to acquire your business	20	In a transfer or proposed transfer or third party offer to buy that you are interested to accept, you must obtain and provide us an executed written offer to purchase. We have 30 business days to notify you if we wish to purchase on the terms in the offer. We can substitute cash for any consideration offered and we have 90 days to close the transaction.
o. Our option to purchase your business	17.K.	<p>We have the right but no obligation, to notify you within 30 days after cancellation, termination or expiration of the Franchise Agreement, to buy for cash any or all assets we select, including leasehold improvements, equipment, supplies and other inventory, advertising materials and all items bearing the marks based on depreciated value of the assets using 5 year straight line depreciation, but not less than 10% of original book value of the assets. We can set off all amounts due from you, against any payment.</p> <p>On cancellation, termination or expiration of Franchise Agreement, you are deemed to have assigned to us or our designee, all your right, title and interest in and to the phone and facsimile numbers and e-mail addresses, domain names, social media and Internet addresses, and/or service associated with these. You must sign instruments we ask to confirm these assignments and transfers. On our request you must notify phone companies, internet service providers, listing agencies and websites and others whom we request you to notify, of termination, cancellation or expiration and transfer to us of these.</p>
p. Your death or disability	19, 21	If you or your partner or 25% owner or someone whose death would result in a change of control, dies or becomes incapacitated, the heirs, beneficiaries, devisees or legal representatives will have 90 days to: (1) if they wish, apply to us for the right to continue operating the franchise for the rest of the term and any renewals and we will grant the right if they fulfill all conditions for a change-of-control transfer (described in Row m above); or (2) sell and transfer the interest in

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		<p>compliance with Franchise Agreement transfer provisions. If a proper timely application for the right to continue operating has been made and rejected, the 90 days to sell, assign, transfer or convey will be computed from date of rejection. Our silence on an application will be deemed rejection made on the last day. In the death or incapacity of an individual franchisee, or any partner, shareholder, or member of a franchisee that is an entity, if the above provisions have not been fulfilled in the time provided, all rights granted to the franchisee by the Franchise Agreement will, at our option, terminate and revert to us.</p> <p>Incapacity means inability of you, any partner, shareholder, or member of an entity franchisee, to operate or oversee operation of the Franchised Business on a regular basis due to a continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute about the existence of an incapacity will be resolved by a reasonably selected licensed physician practicing in the state where the Franchised Business is located. The determination of medical physician will be binding and all costs of making the determination will be borne by the party against whom it is made.</p>
q. Non-competition covenants during the term of the franchise	15	<p>During the term you must not directly or indirectly, for yourself or in relation to any person or entity: divert or try to divert any business or customer of the Franchised Business to any competitor, or do or perform any act injurious or prejudicial to the goodwill associated with our marks or system; or own, maintain, engage in or have an interest in any business or division of a business (including any business operated by you prior to entering into the Franchise Agreement) engaged in auto detailing, paint protection and car wash, equal or exceed 20% of revenue of the business or of the division of the business.</p> <p>You must not divulge information, trade secret, procedures, processes and products used in the System or any information stated in the Manual.</p> <p>We can require your officers, directors, owners, managerial and other personnel receiving training from us, to sign similar covenants in favor of and in a form satisfactory to us.</p> <p>You must not take any action, or omit to take action, or cooperate or allow any action by a restricted person, with the purpose or effect of circumventing these provisions. Subject to state law.</p>
r. Non-competition covenants after the franchise is terminated or expires	15	<p>For 1 year after transfer, cancellation, expiration or termination of Franchise Agreement, you must not directly or indirectly, for yourself or in relation to any entity, own, maintain, engage in, consult or have an interest in any auto detailing, paint protection and car wash business, equal or exceed 20% of revenue of the business or of the division of the business, located or operating: within 10 miles of your</p>

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		<p>Franchised Business; or 10 miles of any other business using our System, whether franchised or owned by us.</p> <p>You must not divulge information, trade secret, procedures, processes and products used in the System or any information stated in the Manual.</p> <p>If all or any portion of a covenant is held unreasonable or unenforceable by a tribunal having jurisdiction you will be bound by any lesser covenant within the terms of the covenant that imposes the maximum duty permitted by law.</p> <p>We can require your officers, directors, owners, managerial and other personnel receiving training from us, to sign similar covenants in favor of and in a form satisfactory to us.</p> <p>If you or any of your owners or affiliates, or officers, directors, managers or spouses or family violates these covenants during the term or in the 1 year after transfer, expiration, cancellation or termination of the Agreement or cessation of the Restricted Person's relationship with you, in addition to all other remedies you and the restricted person must pay us, throughout the 1 year period, 10% of the revenue from that activity.</p> <p>The restrictions don't apply to ownership of less than 1% of a class of outstanding equity securities of a business listed on stock exchange.</p> <p>On cancellation, termination or expiration of Franchise Agreement, you are deemed to have assigned to us or our designee, all your right, title and interest in and to the phone and facsimile numbers, e-mail addresses, domain names, social media and Internet addresses, and/or service associated with these. You must sign instruments we ask to confirm these assignments and transfers. On our request you must notify phone companies, internet service providers, listing agencies and websites and others whom we request you to notify, of the termination, cancellation or expiration and transfer to us of these.</p> <p>You must not take any action, or omit to take action, or cooperate or allow any action by a Restricted Person, with the purpose or effect of circumventing these provisions. Subject to state law.</p>
s. Modification of the agreement	28	The Franchise Agreement can be modified only by written agreement between you and us. We can modify or change the System through changes in the Manuals.
t. Integration/merger clause	28	Nothing in the Franchise Agreement or related agreement is intended to disclaim representations made to you in this Disclosure Document. Any representations or promises made outside this Disclosure Document and other agreements may not be enforceable.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
u. Dispute resolution by arbitration or mediation	19.C.	Disputes about incapacity are decided by a reasonably selected physician. Agreement provides for arbitration of disputes and for mediation either before or after arbitration at the request of a party.
v. Choice of forum	30	Arbitration is by American Arbitration Association. Any court action must be in federal or state court in Los Angeles County, California.
w. Choice of law	30	California law applies, subject to applicable law and the exception in Section 29(A) of Franchise Agreement.
x. Conditional Lease Assignment	3(C)	We can require you and your landlord to enter into this with us.
y. Guarantee	32	We can require you and your owners to execute the Guarantee and Assumption of Obligations.
z. Non-Disclosure and Confidentiality Agreement	7.C.	We can require persons affiliated with you (owners, directors, shareholders, partners and employees) to execute this Agreement.

ITEM 18: **PUBLIC FIGURES**

We do not 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/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records or 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 particular location or under particular circumstances.

SALES AND COST TABLE **(Financial Performance Representation)**

This financial performance information has been prepared in accordance with generally accepted accounting principles. Written substantiation of the financial performance representation will be made available to prospective franchisees upon reasonable request. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.

As of December 31, 2024, there was one (1) Rivali Paint Protection franchised business. The franchised business is similar to the franchise being offered to you and is located in Marina Del Rey, California. The Marina Del Rey business was originally owned by our affiliate, Rivali Paint Protection, Inc. and was sold to the franchisee on August 1, 2023. The Marina Del Rey business is similar to the franchise being offered to you and has been under franchisee operation for the full twelve-month period ending December 31, 2024 (“Operating Period”).

The information in the Table below is based on unaudited sales and profit and loss statements for the Marina Del Rey business and prepared in accordance with Generally Accepted Accounting Principles. Substantiation of the information contained within will be made available to prospective franchisees upon reasonable request. The amounts included in the Table are based on the results during the Operating Period and have been adjusted to omit non-recurring, extraordinary expenses which are not reflective of or relevant to the ongoing cost of franchisee operations. The Table includes the hypothetical costs of the Royalty Fee and Local Marketing commitment percentages as are specified in the current Franchise Agreement. The Promotion Fund is not yet established.

FRANCHISEE BUSINESS

STATEMENT OF REVENUE AND EXPENSE YEAR ENDED DECEMBER 31, 2024 (1)(2)(3)

		Amount	% of Sales
Adjusted Gross Sales		\$947,267.72	100.0%
Cost of Materials		\$161,982.78	17.1%
Cost of Labor		\$145,879.23	15.4%
Gross Profit		\$639,405.71	67.5%
Operating Expenses			
Payroll and Expenses (4)		\$111,777.59	11.8%
Rent Expense (5)		\$162,720.00	17.2%
Utilities		\$16,103.65	1.7%
Other Operating Expenses (6)		\$39,785.24	4.2%
Total Operating Expenses		\$330,596.43	34.9%
Net Income		\$308,809.28	32.6%
Franchise Expenses			
Less Franchise Royalty (7)		\$56,836.06	6.0%
Less Local Marketing (7)		\$28,418.03	3.0%
*Less Promotion Fund (8)		\$0.00	0%
Adjusted Net Income		\$223,555.19	23.6%

*Not yet established. See Note 8.

FOOTNOTES WITH BASES AND ASSUMPTIONS:

1. Definitions:
 - Adjusted Gross Sales is revenue minus refunds and chargebacks.
 - Gross Profit is Adjusted Gross Sales minus Cost of Sales.
 - Net Income is earnings before interest, taxes, depreciation and amortization.
 - Adjusted Net Income includes a provision for franchise royalty and advertising obligations.
2. Actual operating amounts from Our franchisee's financial records were used, but certain costs have been adjusted to take out items associated with the purchase of the location from our affiliate. The operating amounts have been adjusted to omit non-recurring, extraordinary expenses which are not reflective of or relevant to the ongoing cost of franchisee operations.
3. This Rivali Paint Protection location was previously operated by our affiliate and was opened in August 2018. It operated as a "Concours Auto Spa" for over four (4) years and transitioned its name to "Rivali Paint Protection" in January 2023. This location has been in operation for over five (5) years and has built a strong customer base and reputation in its trade area.
4. Labor typically includes the salaries of one General Manager, one Assistant Manager, plus wages for its hourly employees. Payroll taxes, workers compensation insurance, and employee health insurance are included. Labor costs vary substantially for different reasons and different areas. You should consider carefully the labor costs for your area. Other labor-related expenses, such as union activity, workers compensation and health insurance in your area, should be included in your analysis.
5. Rent and CAM (Common Area Maintenance) charges are calculated based upon actual rents for this Rivali Paint Protection business. The level of Rent and CAM costs vary greatly for many reasons, and the amount of rent you pay may have a significant effect on the level of sales your business may reach. You should consider rent levels in the area where your Rivali Paint Protection business will be located, and correlate the information in this table, such as the percentages, with the local rent information.
6. Other Operating Expenses includes the following:

Repairs & Maintenance	Property Taxes
Bank Fees	Licenses & Permits
Contract Services	Bank & Credit Card servicing
Repairs & Maintenance	Training
Uniforms	Computer & Internet Equipment
Employee discounts	Insurance Expenses
Store/Office Supplies	Smallwares
	Laundry

FOOTNOTES WITH BASES AND ASSUMPTIONS:

7. The Tables includes the Royalty fee (6%) paid to us and Local Marketing spending requirement (3%) for a franchised Rivali Paint Protection business.
8. The Promotion Fund is not yet established, and payments will not be required until we determine that establishing the Promotion Fund is appropriate for the System. Once the Promotion Fund is established, payments to the Promotion Fund will be credited towards amounts you are required to spend on Local Marketing. Payments to the Promotion Fund will not exceed 3% of Gross Revenues.
9. This franchised business is located in a residential/retail area of Marina Del Rey, California and has the location has 4,290 square feet. This is a high-income area bordering Venice, California and Santa Monica, California.

The location of your Rivali Paint Protection business may be in a less populated urban or suburban area than the franchised business above. Additionally, your business may be the first Rivali Paint Protection business in your area. As compared to the Marina Del Rey location, these factors may have an impact on the level of sales your Rivali Paint Protection may reach and/or the timing to reach such level of sales.

**Some Outlets have earned this amount. Your individual results may differ.
There is no assurance that you will earn as much.**

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised businesses. We also do not authorize our employees or representatives to make any such representation either orally or in writing. If you receive any other financial performance information or projections of future income, you should report it to our management by contacting Brett de Coster, 1821 W. 213th Street, Ste F, Torrance, CA 90501, (424) 999-5990, at the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	1	+1
	2024	1	1	0
Company-Owned	2022	1	1	0
	2023	1	0	-1
	2024	0	0	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
California	2022	0
	2023	0
	2024	0
Total Outlets:	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchise Outlets For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
California	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1

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

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
California	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings at December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	1	0
Total	0	1	0

If you buy this franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system. Our current and former franchisees are identified in Exhibit M. In the last three fiscal years, no current or former franchisees signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our system. At this time there are no trademark specific franchisee organizations representing Rival Paint Protection franchisees, and no such trademark specific franchisee organization asked us to be included in this Disclosure Document.

ITEM 21:
FINANCIAL STATEMENTS

Attached as Exhibit A are our December 31, 2024, December 31, 2023, and December 31, 2022 audited financial statements. Our fiscal year end is December 31.

ITEM 22:
CONTRACTS

Copies of the following agreements are attached:

- The Franchise Agreement is attached as Exhibit B.
- The Non-Disclosure and Confidentiality Agreement is attached as Exhibit C.
- The Invoice/Bill of Sale is attached as Exhibit D.
- The Guarantee and Assumption of Obligations is attached as Exhibit E.
- The Conditional Lease Assignment is attached as Exhibit H.

There are no other contracts or agreements provided by us to be signed by you.

ITEM 23:
RECEIPTS

Two (2) copies of a detachable receipt acknowledging your receipt of this disclosure (one copy is for you and the other is to be signed by you and given to us) appear as Exhibit N.

EXHIBIT A

FINANCIAL STATEMENTS

Rivali, Inc.

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2024**

WITH INDEPENDENT AUDITOR'S REPORT

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R.L. George CPAs & Advisory
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248-201-6702
rlane@rllanecpa.com
WWW.RLGEORGECPAS.COM

To the Stockholders of
Rivali, Inc.
Torrance, California

Opinion

We have audited the financial statements of Rivali, Inc (a California Corporation), which comprise the balance sheet as of December 31, 2024 and the related statements of income, stockholder's equity, and cash flows for the period then ended and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, which raises substantial doubt about the Company's ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Renisha Lane".

Renisha Lane, CPA, Owner
R.L. George CPAs & Advisors
Southfield, Michigan
April 8, 2025

Rivali, Inc.
BALANCE SHEET
As of December 31, 2024

ASSETS

Current Assets

Cash	\$	95,211
Total Current Assets	\$	95,211

TOTAL ASSETS	\$	95,211
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable	\$	-
Total Current Liabilities	\$	-

Shareholder's Equity

Common stocks - no par value		
10,000 shares authorized, none issued or outstanding	\$	-
Additional Paid-In Capital	\$	51,326
Accumulated Earnings	\$	43,885
Total Stockholder's Equity	\$	95,211

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$	95,211
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Rivali, Inc.
INCOME STATEMENT
For period ended December 31, 2024

	<u>Total</u>
Revenues	
Franchise Fees	\$ 23,415
Total Income	<u>\$ 23,415</u>
Operating Expenses	
General and Administrative	\$ 3,901
Legal & Professional Services	3,500
Total Expenses	<u>\$ 7,401</u>
Net Income	<u><u>\$ 16,015</u></u>

Rivali, Inc.
STATEMENT OF STOCKHOLDER'S EQUITY
For period ended December 31, 2024

	Common Stock - No Par Value		Additional Paid-In Capital	Accumulated Income (Deficit)	Total Stock Holder's Equity
	Shares	Amount			
Balance at December 31, 2023	\$ 10,000	\$ -	\$ 77,520	\$ 27,870	\$ 105,390
Stockholder's Distributions	-	-	(69,378)	-	(69,378)
Stockholder's Contributions	-	-	43,184	-	43,184
Net Income	-	-	-	16,015	16,015
Balance at December 31, 2024	\$ 10,000	\$ -	\$ 51,326	\$ 43,885	\$ 95,211

Rivali, Inc.
CASH FLOW STATEMENT
For period ended December 31, 2024

Cash Flows from Operating Activities

Net Income	\$	16,015	
Adjustments to reconcile Net Income to Net Cash provided by operations:			
Total Adjustments to reconcile Net Income to Net Cash provided by operations:		-	
Net cash provided by operating activities		\$	16,015

Cash flows from Financing Activities

Stockholder's Equity	\$	(26,194)	
Net cash provided by financing activities		\$	(26,194)

Net cash increase for period	\$	(10,179)	
-------------------------------------	-----------	-----------------	--

Cash at beginning of period	\$	105,390	
Cash at end of period	\$	95,211	

Rivali, Inc.
NOTES TO FINANCIAL STATEMENTS
For period ended December 31, 2024

1. COMPANY AND NATURE OF OPERATIONS

Rivali, Inc. (the “Company”) is a corporation organized under the laws of California on May 20, 2022. The Company offers qualified individuals the right to operate a business that provide high quality, customer focused paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, detailing and interior and exterior car wash services under “Rivali Paint Protection “mark.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Basis of Accounting

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposit with maturities of three months or less to be cash equivalents.

C. Federal Income Taxes

No provision has been made for federal income taxes since the Company has elected to be taxed as an “S” Corporation. As such, the Company does not pay income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on the Company’s taxable income. A similar election has been made for state income taxes.

D. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn’t exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

E. Use of Estimates

The preparation of our Company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Revenue Recognition

The Company relies upon ASC 606, Revenue from Contracts with Customers, to recognize revenue, contract liabilities deposits from franchisees and contract assets-due from franchisees. Revenue is recognized upon the transfer

of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive for those goods or services. The following is the principal activity from which the Company earns revenue:

Franchise Fees

The franchise arrangement between the Company and each franchise owner of the Company's Franchise is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the Company's Franchise brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation, which is the transfer of the franchise license. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; and (b) IT fees; (c) annual conference fees. The Company considers the franchise license to be a single performance obligation, and therefore, recognized over the term of the franchise agreement or renewal which is typically 10 years.

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay monthly marketing, training, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources:

- Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years. The Company has determined that these fees, which are paid in advance of when they are recognized as revenue, do not contain a significant financing component.
- Royalty fees and other revenues are reported as earned.
- Machine sales are reported as earned at a point of time.
- IT and marketing fees paid monthly by franchisees.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

Advertising and Marketing

Advertising and marketing costs are charged to operations in the period incurred.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses (“ASU 2018-19”), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (“ASU 2019-04”), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief (“ASU 2019-05”), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses (“ASU 2019-11”), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, “ASC 326”) are effective for fiscal year beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn’t have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn’t have any long-term leases.

3. CASH AND CASH EQUIVALENT

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024, the Company’s cash balance doesn’t exceed the FDIC insurance limits.

The Company considers all cash in bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024, the Company has approximately \$95,211 in cash at their operating bank account.

4. STOCKHOLDER’S EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 10,000 shares with no par value, none were issued and outstanding. On December 31, 2024, the Company had \$51,326 in additional paid in capital.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 8, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

Rivali, Inc.

**Independent Auditor's Report
And
Financial Statements
December 31, 2023 and 2022**

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Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Stockholders of
Rivali, Inc.
Torrance, California

Opinion

We have audited the accompanying financial statements of Rivali, Inc. (a California Corporation), which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
March 18, 2024

Rivali, Inc.
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 105,390	\$ 110,399
Total Current Assets	105,390	110,399
Total Assets	\$ 105,390	\$ 110,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Deferred revenue, current portion	\$ 3,950	\$ -
Total Current Liabilities	3,950	-
Long-Term Liabilities		
Deferred revenue, net of current portion	31,600	-
Total Long-Term Liabilities	31,600	-
Total Liabilities	35,550	-
Stockholders' Equity		
Common stocks - no par value		
10,000 shares authorized, none issued or outstanding	-	-
Additional paid-in capital	77,520	123,664
Accumulated deficits	(7,680)	(13,265)
Total Stockholders' Equity	69,840	110,399
Total Liabilities and Stockholders' Equity	\$ 105,390	\$ 110,399

The accompanying notes are an integral part of the financial statements.

Rivali, Inc.
Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Royalties	\$ 7,500	\$ -
Initial franchise fees	3,950	-
Total Revenues	11,450	-
Operating Expenses		
General and administrative	1,115	327
Legal and professional fees	4,750	12,938
Total Operating Expenses	5,865	13,265
Net Income / (Loss)	\$ 5,585	\$ (13,265)

The accompanying notes are an integral part of the financial statements.

Rivali, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022

	Common Stock - No Par Value		Additional Paid-In Capital	(Accumulated deficits)	Total Stockholders' Equity
	Shares	Amount			
Balance At May 18, 2022	10,000	\$ -	\$ -	\$ -	\$ -
Stockholders' contributions	-	-	390,637	-	390,637
Stockholders' distributions	-	-	(266,973)	-	(266,973)
Net income (loss)	-	-	-	(13,265)	(13,265)
Balance At December 31, 2022	10,000	\$ -	\$ 123,664	\$ (13,265)	\$ 110,399
Stockholders' contributions	-	-	22,662	-	22,662
Stockholders' distributions	-	-	(68,806)	-	(68,806)
Net income (loss)	-	-	-	5,585	5,585
Balance At December 31, 2023	10,000	\$ -	\$ 77,520	\$ (7,680)	\$ 69,840

The accompanying notes are an integral part of the financial statements.

Rivali, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Net income	\$ 5,585	\$ (13,265)
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Change in deferred revenue	35,550	-
Net Cash Provided By (Used In) Operating Activities	<u>41,135</u>	<u>(13,265)</u>
Investing Activities		
Net Cash Provided By (Used In) Investing Activities	<u>-</u>	<u>-</u>
Financing Activities		
Stockholders' contributions	22,662	390,637
Stockholders' distributions	(68,806)	(266,973)
Net Cash Flows Provided By (Used In) Financing Activities	<u>(46,144)</u>	<u>123,664</u>
Net Change In Cash And Cash Equivalent During The Year	(5,009)	110,399
Cash and cash equivalent - beginning of the year	110,399	-
Cash And Cash Equivalent - End of The Year	<u>\$ 105,390</u>	<u>\$ 110,399</u>

The accompanying notes are an integral part of the financial statements.

Rivali, Inc.
Notes To Financial Statements
December 31, 2023 and 2022

1. COMPANY AND NATURE OF OPERATIONS

Rivali, Inc. (the "Company") is a corporation organized under the laws of California on May 20, 2022. The Company offers qualified individuals the right to operate a business that provide high quality, customer focused paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, detailing and interior and exterior car wash services under "Rivali Paint Protection" mark.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Federal Income Taxes

The Company has elected to be taxed for U.S. Federal, and to the extent applicable, U.S. State purposes under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, federal income tax liabilities relating to the Company's profits are the stockholders' responsibility; therefore, no provision has been made for federal income taxes.

D. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn't exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Revenue Recognition

The Company relies upon ASC 606, Revenue from Contracts with Customers, to recognize revenue, contract liabilities-deposits from franchisees and contract assets-due from franchisees. Revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive for those goods or services. The following is the principal activity from which the Company earns revenue:

Franchise Revenues

The franchise arrangement between the Company and each franchise owner of the Company's Franchise is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the Company's Franchise brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation, which is the transfer of the franchise license. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; and (b) IT fees; (c) annual conference fees. The Company considers the franchise license to be a single performance obligation, and therefore, recognized over the term of the franchise agreement or renewal which is typically 10 years.

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly marketing, training, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources:

- Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years. The Company has determined that these fees, which are paid in advance of when they are recognized as revenue, do not contain a significant financing component.
- Royalty fees and other revenues are reported as earned.
- Machine sales are reported as earned at a point of time.
- IT and marketing fees paid monthly by franchisees.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

G. Advertising and Marketing

Advertising and marketing costs are charged to operations in the period incurred.

H. Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal year beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023 and 2022, the Company's cash balance doesn't exceed the FDIC insurance limit.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. The Company had approximately \$105,390 and \$110,399 in cash at their operating bank account as of December 31, 2023 and 2022, respectively.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time	\$ 3,950	\$ -
Revenue recognized at a point in time	7,500	-
Total Revenue	\$ 11,450	\$ -

Contract Balances

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2023 and 2022, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Additional deferred revenue	39,500	-
Revenue recognized – additional deferred revenue	(3,950)	-
Deferred revenue	35,550	-
Less: current maturities	(3,950)	-
Deferred revenue, net of current maturities	\$ 31,600	\$ -

5. STOCKHOLDERS' EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 10,000 shares with no par value, none were issued and outstanding. On December 31, 2023 and 2022, the Company had \$77,520 and \$123,664 respectively in additional paid in capital.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 18, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

BETWEEN

RIVALI, A CALIFORNIA CORPORATION

AND

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EXHIBIT A Entity Information Disclosure

EXHIBIT B Map of Designated Area



FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement") is made on _____, 202____ ("Effective Date"), by and between Rivali, a California corporation, with its office at 1821 W. 213th Street, Ste F, Torrance, CA 90501 ("Franchisor"), and _____ ("Franchisee"), with its address at _____, with reference to the following facts:

RECITALS

A. Franchisor developed and owns a unique system (the "System") for developing, establishing, opening and operating a business offering quality, customer focused paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, detailing and interior and exterior car wash services to the public, known as "Rivali Paint Protection" ("Franchised Business"), using the trademark Rivali Paint Protection and related marks (the "Marks").

B. Among the System's distinguishing characteristics are shop designs, digital showrooms, layouts and identifications schemes (the "Trade Dress"); the Rivali Paint Protection Confidential Operations Manual ("Manual"); equipment specifications, branded inventory and accessories and other operating procedures and techniques.

C. Some elements of the System may remain, and some will be changed, improved and further developed by Franchisor from time to time and over time.

D. Franchisor grants to qualified persons franchises to own and operate Rivali Paint Protection Franchised Business offering services and products authorized and approved by Franchisor and using the System and Marks.

E. Franchisee wants to develop, establish and operate a Rivali Paint Protection Franchised Business using the System and Marks. Franchisor is willing to grant a franchise to Franchisee, in reliance on the truth, accuracy and completeness of all statements and information Franchisee provided to Franchisor, including but not limited to an application that Franchisee submitted, and the Entity Information Disclosure attached as Exhibit A to this Agreement.

Accordingly, the parties now agree as follows:

AGREEMENT:

1. APPOINTMENT AND INITIAL FEE

A. Franchisor grants to Franchisee, on the terms and conditions in this Agreement, the right, license and privilege to use the Mark "Rivali Paint Protection" and the other Marks and Franchisee undertakes the obligations to continuously operate a Rivali Paint Protection Franchised Business and use only in the operation of the Franchised Business, the System as currently

established and as changed, improved and developed by Franchisor from time to time, at one (1) location only.

B. The location is: _____ ("Premises"); or

C. The location will be designated, as provided in Section 3 within the following area: _____

_____ and when a specific location within this area has been designated and agreed by the parties, the location shall be deemed to be stated in Section 1(B), as if originally stated there and the area described in this Section 1(C) shall have no further significance in relation to this Agreement. Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor.

D. So long as this Agreement is in effect and Franchisee is in full compliance with this Agreement and with all other Agreements between Franchisee and Franchisor, Franchisor will not grant a franchise for and will not operate a Rivali Paint Protection Franchised Business within a radius of ten (10) mile(s) from the Franchised Business ("Designated Area"). This Designated Area may be described more specifically in writing and on a map attached as Exhibit B. In any conflict between this Section 1(D) and Exhibit B, the contents of Exhibit B will control.

E. Franchisor reserves the rights to itself and to any parent, subsidiary or affiliate of Franchisor to offer and sell and advertise and market and promote, at wholesale or retail, including by means of the Internet or Internet web site(s), mail order catalogs, direct mail advertising or other distribution systems or channels, within and outside the Designated Area, Rivali Paint Protection services and products whether or not they now or in the future comprise part of the System.

F. Franchisor reserves the rights to itself and to any parent, subsidiary or affiliate of Franchisor, within and outside the Designated Area, to market services and products comprising or not comprising parts of the current System under formats, trademarks and service marks different from the Rivali Paint Protection System, through any outlets or distribution channels.

G. On signing this Agreement, Franchisee shall pay to Franchisor an initial franchise fee of thirty-nine thousand five hundred dollars (\$39,500). This fee is deemed to be fully earned by Franchisor when paid and is non-refundable.

H. Franchisee acknowledges that complete uniformity under many varying conditions may not be possible or practical. Franchisor reserves the right, at its discretion and as it may deem appropriate for any business-related reasons, to vary standards for any System franchisee based on factors or considerations as are presented to Franchisor or that Franchisor deems appropriate to consider, even though such decision or variance may or may not be applied to or may not be available to all or multiple franchisees or to Franchisee; or may be imposed on Franchisee but not others. Franchisee shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation hereunder or to impose on others a variance required of Franchisee.

I. Franchisee shall at all times, continuously, actively operate the Franchised Business, always using Franchisee's best efforts to promote and increase the amount of service and sale of products to effect the largest and best possible distribution throughout the Designated Area, soliciting and servicing all potential customers for Rivali Paint Protection services and products.

Failure of Franchisee to devote its best efforts to adequately represent its Rivali Paint Protection Franchised Business in the Designated Area through its sales and service efforts shall be deemed to be breach of this Agreement and good cause for termination.

2. TERM AND RENEWAL

A. This Agreement shall have an initial term of ten (10) years starting on the Effective Date. Franchisee must secure possession of the Premises, whether by lease or purchase, for at least ten (10) years including lease renewal periods if applicable. A lease or other possession in excess of ten (10) years shall not impliedly extend or obligate Franchisor to consent to extend the term of this Agreement.

B. Franchisee shall have the right to renew this franchise for up to one (1) additional successive term of ten (10) years, provided, that all the following conditions for renewal have been fulfilled:

1. Franchisee has, during the entire term of this Agreement, complied with all its provisions;

2. At the time of giving notice of renewal to Franchisor, Franchisee is not in breach or default under any terms of this Agreement nor has Franchisee, at any time during the term of this Agreement, been in material breach or default under any provisions of this Agreement;

3. Franchisee maintains possession of the Franchised Business and, before expiration of the term, has brought the Franchised Business into full compliance with the specifications and standards then applicable for new or renewing Rivali Paint Protection Franchised Business and proves to Franchisor's satisfaction that Franchisee has the right to remain in possession of the Premises for the duration of any renewal term;

4. Franchisee has given Franchisor written notice of desire to renew as stated below;

5. Franchisee satisfied all monetary obligations owed by Franchisee to Franchisor and timely met these obligations throughout the term of this Agreement;

6. Prior to renewal, Franchisee has executed Franchisor's then-current form of Franchise Agreement (with modifications to reflect that the Franchise Agreement is for a renewal franchise), which Franchise Agreement shall supersede this Agreement, and its terms may materially differ from this Agreement including, without limitation, different fees, fees at different rates, adjustment to territory, products, services and other materially different terms;

7. Franchisee complied with Franchisor's then-current qualifications and training requirements; and

8. Franchisee executed a general release, in a form prescribed by Franchisor, of any and all claims and other matters against Franchisor and its respective officers, directors, agents, shareholders and employees.

9. Franchisee paid Franchisor a Renewal Fee of nineteen thousand seven hundred fifty dollars (\$19,750) at the time of Franchisee giving written notice of Franchisee's desire to enter into a renewal agreement.

C. If Franchisee wants to renew, then Franchisee shall give Franchisor written notice of its desire to renew at least one hundred eighty (180) days, but not more than two hundred seventy (270) days, prior to expiration of the then-current term of this Agreement, accompanied by the payment referenced in Section 1(c)(9). Within sixty (60) days after receipt of timely notice, Franchisor shall provide Franchisee written notice of (i) reasons which could cause Franchisor not to grant a renewal to Franchisee including, but not limited to, deficiencies which require correction and a schedule for correction by Franchisee; and (ii) Franchisor's then-current requirements relating to image, appearance, furnishing, equipping, stocking and any other matters with regard to the Rivali Paint Protection Franchised Business and a schedule for effecting upgrades or modifications to bring the Franchised Business into compliance, and for any other applicable matters, as conditions of renewal. Any renewal shall be conditioned on Franchisee's compliance with such requirements and schedule and continued compliance with all terms and conditions of this Agreement.

D. If Franchisee does not sign Franchisor's then-current Franchise Agreement prior to the Expiration Date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Franchisee operating without a license in violation of Franchisor's rights; or (ii) continuing on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other written notice of such party's intent to terminate or non-renew the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate or expire, as applicable, thirty (30) days after receipt of the notice, or such longer notice period as is required by Applicable Law. In the latter case, all Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired or terminated, and all obligations and restrictions imposed on Franchisee on expiration or termination of this Agreement shall be deemed to take effect upon expiration or termination, as applicable, of the Month-to-Month Agreement.

3. LOCATION

A. Franchisee shall operate the Franchised Business only at the location specified in Section 1. If the lease for the site of the Franchised Business ends without fault of Franchisee or if the site is destroyed, condemned or otherwise rendered unusable, Franchisor shall be willing to consent to relocation of the Franchised Business to a location and site acceptable to Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee a relocation fee of seven thousand five hundred dollars (\$7,500). Any such relocation shall be subject to obtaining Franchisor's consent as to the location and lease, as provided in this Section 3.

B. Franchisee will be solely responsible to locate, lease or purchase a suitable site for the Franchised Business. Nothing in this Agreement shall be interpreted as assurance of any level of revenues, sales or other measure of business or measure of performance for the location nor shall any site recommendation or consent by Franchisor be deemed a representation that a site is available for use as a Franchised Business. Any site for the Premises must comply with Franchisor's requirements set forth in the Manual.

C. Franchisor has the right to approve the terms of the lease, sublease or purchase contract for the premises of the Franchised Business. Approval will not be unreasonably withheld. Franchisor's consent to the lease may be conditioned on the lease including terms Franchisor requires, including, but not limited to the following:

1. Reservation to Franchisor of the right, at Franchisor's election, to receive an assignment of the leasehold interest on termination or expiration of the franchise;

2. Requirement that the lessor concurrently provide Franchisor a copy of any written notice of deficiency or default or breach under the lease sent to Franchisee and granting Franchisor the right (but not obligation) to cure within fourteen (14)] days after expiration of the period which Franchisee had to cure if Franchisee fails to do so;

3. Authorization to Franchisee to display the Marks in accordance with specifications required by Franchisor;

4. A provision allowing construction of leasehold improvements meeting requirements of this Agreement and Manual; and

5. A provision assuring that Franchisee will be free from disturbance or interference by the lessor's lender, lienholder, mortgagee or other person or entity having an interest or claim in the Premises.

6. A provision equivalent to Franchisor's form Conditional Lease Assignment or execution of such form by Franchisee and Landlord.

7. Other provisions Franchisor deems reasonable to require, whether generally or in the particular circumstances.

D. Franchisor's review of any proposed lease, and any consent, will not be construed as an endorsement or approval of its terms or assurance of particular results of the lease or location.

E. If no acceptable site is found and agreed by the parties and/or if a lease acceptable to Franchisor is not signed by Franchisee within ninety (90) days from the date of this Agreement, (and if in that time Franchisee does not secure premises by ownership, acquisition or other means) then on written notice from either party, this Agreement shall be terminated. Franchisor shall be deemed to be fully released from any and all claims or causes of action Franchisee may have or claim to have against Franchisor or Franchisor's shareholders, directors, officers and personnel. There shall be no refund of the initial franchise fee or other fee in whole or in part.

F. Franchisee shall (i) obtain all required zoning changes, building, utility, health, sanitation, sign and any other required permits and licenses; (ii) purchase or lease equipment, fixtures, furniture and signs as provided herein; (iii) complete the construction and/or remodeling and installation of equipment, fixtures, furniture and signage and decorating of the Franchised Business in full and strict compliance with plans and specifications consented to in writing by Franchisor and all applicable ordinances, building codes and permit requirements (including the Americans with Disabilities Act and the Occupational Safety and Health Act); (iv) obtain all customary contractors' statements and partial and final waivers of liens for construction, remodeling, decorating and installation services; (v) obtain all insurance required by this Agreement; and (vi) complete development of and have the Franchised Business ready to open and start conducting its business according to Section 12.

G. Franchisor shall have the right to require Franchisee to remodel, modernize and redecorate the Franchised Business and its Premises from time to time. All remodeling, modernization and redecoration must be according to standards and specifications prescribed by

Franchisor from time to time and with the prior written consent of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be consented to by Franchisor in writing.

4. TRAINING AND ASSISTANCE

A. Prior to Franchisee's start of operations, Franchisor shall make an initial training program available to Franchisee. Franchisor estimates the initial training program to last approximately ninety-two (92) hours of training, but it may be longer or shorter. Franchisee and one other person (Franchisee's supervisory or managerial personnel as examples) shall attend and successfully complete such program. Training shall be completed by them at least two (2) weeks prior to opening the Franchised Business for business.

B. Training shall be at or near Franchisor's location in Torrance, California, or another place Franchisor designates. Training may include classroom or on-the-job training, self-study online, webinar or other telecommunication, review of videos or other materials or just one or any combination of these. All expenses incurred by Franchisee and Franchisee's personnel in attending training including, without limitation, travel costs, room and board expenses and salaries, shall be solely Franchisee's responsibility.

C. Franchisor shall furnish to Franchisee, at the Premises and at Franchisor's expense, one representative to assist in opening the Franchised Business. The representative shall provide up to one week of additional training at the Franchised Business around the time of the start of operations of the Franchised Business. During this period, the representative shall also assist Franchisee in establishing and standardizing procedures and techniques for operation of a Rivali Paint Protection Franchised Business. This Section 4(C) does not apply if Franchisee or its affiliate is already an existing franchisee of Franchisor.

D. If Franchisor is concerned Franchisee is not or may not be prepared for opening the Franchised Business due to non-compliance with this Agreement or requirements in the Manual or other reason, or if Franchisor determines or is concerned Franchisee requires additional training and/or assistance to open the Franchised Business, Franchisor shall have the right to defer the training described in Section 4(C) and/or defer consent to Franchisee opening, until Franchisee demonstrates readiness to open, or Franchisor may elect to send additional representatives to the Premises. Franchisee shall bear the cost of increased travel, lodging and meal expenses of Franchisor's personnel and/or Franchisee as applicable. If Franchisee requests additional assistance from Franchisor to facilitate opening and if Franchisor, in its discretion, deems it appropriate to comply with the request, Franchisee shall reimburse Franchisor for the additional travel, lodging and meal expenses. In any circumstances described in this Section 4(D) Franchisee shall also pay Franchisor's then-current training fee.

E. If Franchisee previously completed training in relation to a prior Franchised Business, then in lieu of the initial training and additional training described Sections 4(A)-4(C), Franchisor may instead elect to waive training or provide approximately one week of refresher training. This may include review and/or new methods or programs not previously covered. Any additional training requested by Franchisee will be at Franchisee's cost. Section 4(D) remains applicable.

F. At any time during training, if, in Franchisor's judgment or discretion, Franchisor determines or is concerned that Franchisee or other person affiliated with Franchisee is or may be unable, or comes to doubt Franchisee's or the other person's ability to satisfactorily complete any

part of training, Franchisor shall have the right to: (i) require Franchisee to attend additional training to demonstrate ability to operate the Franchised Business to Franchisor's satisfaction, at Franchisee's expense; (ii) require Franchisee or a new approved designee to complete the training program subject to Franchisor's then-current training requirements; or (iii) terminate this Agreement immediately on written notice to Franchisee. On termination, Franchisor shall be deemed to be fully released from any and all claims or causes of action Franchisee may have or claim to have against Franchisor or Franchisor's shareholders, directors, officers and personnel. There shall be no refund of the initial franchise fee or other payment, in whole or in part.

G. Franchisor from time to time may require Franchisee and personnel of Franchisee, though previously-trained and experienced, to attend and successfully complete new or refresher training programs or seminars. These may be at location(s) designated by Franchisor. These may be conducted specifically for such person(s) or for a broader range of persons. While Franchisee is in full compliance with this Agreement, attendance shall not be made mandatory at more than one such additional or refresher training program in any calendar year and any such program shall not exceed five (5) business days in duration in a calendar year. All expenses incurred by Franchisee and its personnel in attending such program including, without limitation, travel, lodging, meals and salaries, shall be the sole responsibility of Franchisee.

H. Franchisee shall assure that at all times the premises are under the on-site supervision of a Manager. If Franchisee designates new or additional supervisory or managerial personnel after the initial training program, Franchisee shall provide training to those supervisory or managerial personnel at Franchisee's location and expense. At Franchisor's request Franchisee shall have such personnel successfully complete training at Franchisor's location or other location designated by Franchisor. Franchisee shall pay Franchisor's then standard rate for training and shall bear all travel, lodging and meal expenses incurred.

I. Franchisee acknowledges and agrees that: (a) Franchisor could at any particular time be assisting in opening multiple Franchised Businesses and training several prospective or existing franchisees and may have other matters needing attention; (b) if Franchisee does not meet or properly respond to a time deadline or notice requirement, whether in this Agreement or otherwise requested by Franchisor, Franchisee's scheduled training and/or other Franchisor assistance may, in Franchisor's discretion, be delayed, to not interfere with Franchisor's other scheduled training, assistance to be provided to others, and other matters calling for Franchisor's attention. Training could include but is not limited to performing work or service that is for customers of Franchisor; this does not change the character of the activity as training and does not entitle Franchisee or any trainee to compensation.

5. PROPRIETARY MARKS

To protect the System, Marks, Trade Secrets and goodwill associate with the same:

A. Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor is deemed to own all right, title and interest, together with all goodwill, of the Marks. Franchisee acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks

shall be for the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interest in the Marks on Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, cancellation, rescission or transfer, contest validity or ownership of any of the Marks or assist any other person in contesting validity or ownership of the Marks. All provisions of this Agreement applicable to the Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee shall not use any Mark or portion of any Mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall promptly notify Franchisor of any claim, demand or cause of action based on or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation. Franchisee shall notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within two (2) days after Franchisee receives notice of the action, claim or demand. After receipt of timely notice of an action, claim or demand relating to the Marks, Franchisor shall have the right, but not the duty, to defend any such action. Franchisor shall have the right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in Franchisor's sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's direction to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols promptly after notice to Franchisee by Franchisor. Franchisee shall comply at Franchisee's expense. Franchisor shall have no liability or obligation whatsoever with regard to such modification or discontinuance of any Mark.

E. To preserve the validity and integrity of the Marks and copyrighted material licensed to Franchisee and ensure that Franchisee is properly using these in the operation of the Franchised Business, and to assess compliance with this Agreement, Franchisor or its representatives shall have the right of entry and inspection of Franchisee's Premises and operating procedures at all reasonable times, with or without prior notice. Franchisor shall have the right to observe the manner in which Franchisee provides its Rivali Paint Protection services and conducts operations, to confer with Franchisee's employees, customers, vendors, suppliers and others.

F. Franchisee shall not establish a website on the Internet or other electronic or social media or social networking presence using any domain name containing the words "Rivali Paint Protection" or similar words. Franchisor retains the sole right to advertise on the Internet and/or other electronic or social media and/or create a website or the like using "Rivali Paint Protection" as, in or as part of the domain name. Franchisee acknowledges that Franchisor shall be deemed to

be and is the owner of all right, title and interest in and to such domain name(s) or the like as Franchisor designates in the Manual. If any is obtained in Franchisee's name, Franchisee shall be deemed to hold such title in trust for the benefit of Franchisor and shall transfer title to Franchisor on request. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. If requested by Franchisor, Franchisee shall, within five (5) days, dismantle any frames and links between Franchisee's web pages and any other websites, as requested by Franchisor.

6. CONFIDENTIAL OPERATIONS MANUAL

A. Franchisor shall loan to Franchisee one (1) copy of the Manual or provide Franchisee electronic access to the Manual. The Manual contains and will contain specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Rivali Paint Protection Franchised Business and information relative to other obligations of Franchisee. Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Rivali Paint Protection Franchised Business.

B. The Manual shall at all times be and remain the property solely of Franchisor and shall promptly be returned to Franchisor on expiration or other termination of this Agreement. At no time shall Franchisee or its personnel make any copy or reproductions of all or part of the Manual.

C. The Manual comprises proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and after its expiration and/or termination. Franchisee shall at all times ensure that its copy of the Manual, if any, is maintained only at and is available at the Premises in current and up-to-date manner. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle at the Premises and only grant authorized personnel, as defined in the Manual, access to the key or lock combination of such receptacle. In any dispute as to contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

D. Franchisee shall operate the Franchised Business in compliance with all terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Business, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the System, all of which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Business consistent with the policies of Franchisor.

E. Franchisee shall take all action necessary to ensure that Franchisee's employees understand and acknowledge they are not employees of Franchisor, including, without limitation, requiring Franchisee's employees to sign written acknowledgements that Franchisee is an independently owned and operated franchisee and their sole employer, in a form specified by Franchisor in the Manuals or otherwise in writing from time to time.

7. CONFIDENTIAL INFORMATION

To protect the System, Marks, Trade Secrets and goodwill associated with these:

A. Franchisee acknowledges that its entire knowledge of the development and operation of a Rivali Paint Protection Franchised Business including, without limitation, technical information and expertise relating to products, services and equipment used, standards and operating procedures of a Rivali Paint Protection Franchised Business is derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and the Trade Secret of Franchisor. Any improvements developed by Franchisee or customer lists and databases obtained by Franchisee pursuant to Franchisee's operation of the Franchised Business are proprietary information of Franchisor. "Trade Secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the Rivali Paint Protection Franchised Business, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee shall maintain absolute confidentiality of all such information during and after the term of the franchise and Franchisee shall not use any such information in any other business or in any manner not specifically authorized or consented to in writing by Franchisor.

B. Franchisee shall divulge confidential information only to the extent and only to those employees who must have access to it to operate the Franchised Business. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, product and technical information and other data which Franchisor designates as confidential shall be deemed confidential, except information which Franchisee demonstrates lawfully came to Franchisee's possession prior to disclosure by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others without fault or involvement of Franchisee.

C. Due to the special and unique nature of the confidential information, Marks and Manual, Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy to compensate Franchisor for any breach of Sections 5, 6, 7 and 15 of this Agreement. All owners, directors, shareholders, partners and employees of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute Franchisor's form of Non-Disclosure and Confidentiality Agreement. Franchisee shall submit a copy of each executed Non-Disclosure and Confidentiality Agreement to Franchisor on execution and shall submit annual updates to Franchisor listing those individuals having access to the confidential and proprietary information of Franchisor.

D. Restriction on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the public domain, other than through disclosure by Franchisee.

E. Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works ("Copyrighted Works"). Franchisee and Franchisor acknowledge and agree, that (i) as between Franchisee and Franchisor, the Copyrighted Works are the valuable property exclusively

of Franchisor; and (ii) Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with this Section 7.

F. Franchisee acknowledges and agrees that Franchisor owns (or is licensee of the owner of) the Copyrighted Works. Franchisor may further create, acquire or obtain licenses for copyrights in various works of authorship used in the operation of Rivali Paint Protection Franchised Business including, but not limited to, all categories of works eligible for protection under United States copyright law, all of which shall be deemed to be Copyrighted Works under this Agreement. Copyrighted Works include, but are not limited to, the Manual, advertisements, promotion materials, packaging, posters and signs and may include all or part of the Marks, software, trade dress and other portions of the System.

G. If Franchisee develops any new methods, concepts, specifications, processes, techniques, procedures, programs, projects, , products or other materials in the course of operating its Franchised Business which Franchisor approves for the use and/or sale in the Franchised Business, the method, concepts, specification, process, technique, procedure, program, project, , product or other material ("Work") shall be deemed to be a work-made-for-hire and shall automatically become the property of Franchisor as though Franchisor developed the Work. To the extent any such Work may not, by operation of law or otherwise, be a work-made-for-hire, Franchisee hereby assigns to Franchisor the ownership of and all rights and copyrights in and to such Work. At Franchisor's request Franchisee shall execute specific assignments or instruments and take any action necessary to enable Franchisor to secure all rights in such Work. If Franchisee fails to do so on Franchisor's request, then Franchisor shall be deemed to be Franchisee's attorney-in-fact to execute such instruments for an on behalf of Franchisee in favor of Franchisor or Franchisor's designee.

8. UPDATING AND MODIFICATION OF SYSTEM

Franchisee acknowledges that from time to time, Franchisor may change, update or otherwise modify the System including, without limitation, adopting and using new or modified trade names, trademarks, service marks or copyrighted materials, revised or new concepts, products, equipment, point-of-sale system, scheduling software, computers, technologies, techniques, marketing, promotion and any other aspects or elements. Modifications shall be communicated to Franchisee through the Manual or other means that Franchisor selects. Franchisee shall accept, comply with, use and display any changes in the System, as if they were part of this Agreement at the time of signing this Agreement. Franchisee shall make such expenditures as are reasonably required by such changes or modifications in the System. Franchisee shall not change, modify or alter the System in any way.

9. ADVERTISING

Recognizing the value of advertising and importance of the standardization of advertising and promotion to the goodwill and the public image of Rivali Paint Protection Franchised Business, Franchisee agrees to the following provisions relating to advertising consents and expenditures.

A. Franchisee shall submit to Franchisor or its designated agency, for its prior consent, all promotion materials and advertising proposed to be used by Franchisee including, but not limited to, newspapers, radio and television advertising, online advertising and social networking (if permitted by Franchisor), specialty and novelty items, signs, containers and boxes. If written withholding of consent or disapproval of the proposed advertising and promotion material is not

given by Franchisor to Franchisee within one week from the date the material is received by Franchisor, the materials shall be deemed to be not consented to/approved.

B. Failure by Franchisee to conform to the provisions of this Section 9 and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to Franchisor for consent shall not affect Franchisee's right to determine prices at which Franchisee sells its products or services.

C. It is estimated that Franchisee will expend eight thousand dollars (\$8,000) to twelve thousand dollars (\$12,000) for grand opening advertising from approximately one (1) month before opening through the first sixty (60) days of operation of the Franchised Business, to advertise and promote Franchisee's Franchised Business in newspaper, direct mail and/or other media ("Grand Opening Advertising"). The Grand Opening Advertising shall be conducted in accordance with a Grand Opening Advertising Program outline that Franchisee is obligated to and shall prepare and submit to Franchisor to obtain Franchisor's approval.

D. Franchisee shall contribute an amount of up to three percent (3%) of Gross Revenues (as defined in Section 10(A)(2) of this Agreement) from the Franchised Business to the Rivali Paint Protection Promotion Fund ("Promotion Fund"). Franchisee's required payments to the Promotion Fund shall be made at the same time and same manner as, and in addition to, the Royalty Fee provided in Section 10(A).

E. The Promotion Fund, if and when established, shall be maintained and administered by Franchisor or its designee, as follows:

1. Franchisor or Franchisor's designee shall direct all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and their placement and allocation. Franchisee agrees and acknowledges that the Promotion Fund is intended to assist in developing general public recognition and acceptance of the Marks for the benefit of the System and that Franchisor and its designee undertake no obligation in administering the Promotion Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from placement of advertising.

2. The monies may be used to meet any and all costs of maintaining, administering, directing, producing and preparing promotions and advertising including, without limitation, the cost of conducting public relations activities, advertising and producing promotional brochures and other marketing materials to franchisees in the System. Funds paid by Franchisee to the Promotion Fund may be commingled with Franchisor's other funds or may be maintained in a separate account from the other monies of Franchisor, as Franchisor elects.

3. The Promotion Fund shall not be used to solicit sales of franchises or defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead, not to exceed twenty percent (20%) of the amounts contributed to the Promotion Fund, as Franchisor may incur in activities reasonably related to the administration or direction of the Promotion Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials and collecting and accounting for assessments for the Promotion Fund.

4. Franchisor may spend, on behalf of the Promotion Fund, in any fiscal year or other period, an amount greater or less than aggregate contributions to the Promotion Fund in that time period. The Promotion Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. If Franchisor lends money to the Promotion Fund, Franchisor may charge interest at an annual rate one percent (1%) greater than the rate Franchisor pays lenders or other reasonable rate. Franchisor shall have the right but is not obligated, to cause the Promotion Fund to be incorporated or operated through a separate entity whenever Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

5. Franchisor maintains the right to terminate the Promotion Fund. The Promotion Fund shall not be terminated, however, until all monies in the Promotion Fund have been expended for advertising and promotion purposes or returned to franchisees. If terminated, Franchisor reserves the right to restart the Promotion Fund or new Promotion Fund.

6. An accounting of operation of the Promotion Fund shall be prepared annually and made available to Franchisee on request. Franchisor reserves the right, at its option, to require that the annual accounting include an audit of the operation of the Promotion Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Promotion Fund.

7. Any rebates paid to Franchisor by suppliers on account of purchases by Franchisee shall, at Franchisor's election be allocated and paid, in whole or in part, to Franchisee (and other franchisees) and/or the Promotion Fund, and/or working capital of Franchisor or other purposes, all in proportion(s) that Franchisor determines. For each Rivali Paint Protection Franchised Business offering products and services similar to the Franchised Business, owned by Franchisor, such entity shall make contributions to the Promotion Fund similar to contributions required of Franchised Business within the System. For Rivali Paint Protection Franchised Business operated by affiliates of Franchisor, Franchisor shall use reasonable efforts to cause them to make similar contributions. Such contributions of Franchisor or affiliates need not be the same amounts or according to the same formula as required of Franchisee.

F. Each calendar month, Franchisee shall spend at least an amount equal to three percent (3%) of Franchisee's Gross Revenue for such calendar month on local advertising and promotion. This local advertising and promotion expense shall be exclusive of labor costs for personnel employed by Franchisee. To the extent Franchisee conducts local advertising and promotion by bartering and/or giving away services or merchandise promoting Rivali Paint Protection or the Franchised Business, only Franchisee's costs for such services or merchandise shall count toward satisfying the required local advertising and promotion expense. Such expenditures shall be made directly by Franchisee, subject to approval of Franchisor. Within ten (10) days after the end of each calendar month, Franchisee shall provide Franchisor, in a manner approved by Franchisor, an accurate accounting and proof of Franchisee's expenditures on local advertising and promotion for the calendar month just ended. Franchisee shall comply with rules, restrictions and guidelines for local advertising established by Franchisor.

G. Franchisor shall have the right from time to time, to establish one or more local, regional or national advertising areas in which the Franchised Business and at least one (1) other Rivali Paint Protection Franchised Business are located, as cooperative advertising region(s). Franchisor shall have the right to require any one or more cooperatives to be formed, changed, merged or dissolved. Franchisee shall participate in and contribute to the cooperative according

to rules and procedures of the cooperative, as determined by a majority of the cooperative's members but not in excess of 3% of Gross Revenues per month. Franchisee's contributions to the cooperative shall be additional to required contributions to the Promotion Fund but shall be credited toward the required expenditures for local advertising required by Section 9(F). Franchisor shall have the right to require that proposed organizational documents of the cooperative (such as articles of incorporation and bylaws or the like) and operating procedures be consented to by Franchisor before adoption and conform to specifications and guidelines established by Franchisor. Franchisor shall have the right but no obligation, to participate in deliberations of the cooperative and to veto any decision of the cooperative that Franchisor objects to or considers detrimental to the interests of the System.

H. Franchisee shall not advertise or use in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without the appropriate © or ® registration marks or the designation **TM** or **SM** where applicable. The registered marks and designations shall be used in conjunction with "Rivali Paint Protection," the Rivali Paint Protection logo, the Manual and any other copyright materials, trademark, service mark, or commercial symbols as may be developed.

10. ROYALTY

A. Franchisee shall pay Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee equal to six percent (6%) of Gross Revenue or a minimum of three hundred seventy-five dollars (\$375) per week, derived from the Franchised Business, whichever is greater (the "Royalty Fee"). The Royalty Fee shall be paid weekly, in the manner specified below, or as otherwise prescribed in the Manual.

1. Each week, Franchisee shall submit to Franchisor, on a form approved by Franchisor, a true statement, signed by Franchisee, of Franchisee's Gross Revenue for the preceding week just ended. Each weekly Gross Revenue statement shall be accompanied by the Royalty Fee payment based on the Gross Revenue reported in the statement. Franchisee shall make available to Franchisor all original books and records that Franchisor may deem necessary to ascertain Franchisee's Gross Revenue for inspection.

2. Franchisor reserves the right to collect Royalty Fees more frequently or on any other schedule on thirty (30) days prior written notice to Franchisee. If Franchisee fails to report Gross Revenue for any reporting period(s), for each such period, Franchisor is authorized to debit Franchisee's account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee paid for the last reported period or equivalent period in a prior year or one hundred twenty percent (120%) of Franchisor's estimate of royalties. Once Franchisor receives the actual Gross Revenue report(s), any overpayments will be credited, without interest, against future Royalty Fees, and any underpayments shall be paid immediately by Franchisee plus interest. If at any time Franchisor determines that Franchisee under-reported Gross Revenue or underpaid any Royalty Fees, then Franchisor will be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount, plus applicable interest. These Franchisor rights are additional to other rights and remedies of Franchisor under this Agreement or the Manual and does not permit late payment or excuse failure to pay in full and on time.

B. For this Agreement "Gross Revenue" means all revenues from operations, activities, sales and existence of the Rivali Paint Protection Franchised Business, whether cash, debit, credit or otherwise but excludes sales tax collected and paid to the taxing agency and bona fide refunds.

It includes the total of all revenues and income from the sale of all merchandise, products and services whether to customers or others, or any other source or payor, whether or not sold or performed at or from the Franchised Business and whether cash, services in kind, barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise. It includes insurance payments and other unusual amounts (e.g., payments for rental of the premises, filming, litigation payments and settlements, services performed that are not part of the franchise, but this provision does not authorize performance of any such services). There shall be deducted from total revenues for purposes of computing Gross Revenue, but only to the extent they were included, the amount of all sales tax receipts which, by law, are chargeable to customers, if separately stated when the customer is charged and are paid to the taxing authority. There shall be deducted from total revenues the amount of any documented refunds given in good faith to customers by Franchisee. All barter and/or exchange transactions pursuant to which Franchisee furnishes services and/or products in exchange for goods or services from a vendor, supplier or customer shall, for the purpose of determining Gross Revenue, be valued at the full retail value of the goods and/or services provided to Franchisee.

C. All Royalty Fees, advertising contributions, amounts due for purchases from Franchisor, and other amounts which Franchisee owes to Franchisor, if not paid when due, shall bear interest after the due date at one-and-one-half percent (1½%) per month which equates to eighteen percent (18%) per year, but not to exceed the maximum applicable legal rate. Franchisee acknowledges this Section 10(C) does not permit or excuse late payment. Franchisee acknowledges that failure to pay all amounts when due shall be grounds for termination of this Agreement, as provided in Section 16.

D. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness as Franchisor elects.

E. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor shall be paid through an Automated Clearinghouse (ACH) payment method or other payment method for weekly automatic debits or otherwise as Franchisor prescribes. On Franchisor's request, Franchisee shall execute and deliver to Franchisor an ACH Payment Authorization form and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Royalty Fees and other amounts payable to Franchisor. If an ACH transaction is rejected for nonsufficient funds or other reason, Franchisor may, at its discretion, attempt to process the charge again and charge an additional processing fee. Franchisor shall have access to the account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor. This may, if Franchisor elects, include procedures for Franchisor to initiate and implement withdrawal of funds from Franchisee's account.

F. On or before the first day after each weekly close, Franchisee shall send a report of Gross Revenue to Franchisor by email to an email address Franchisor shall provide, or by other means Franchisor designates. On or before the first day after each weekly close, Franchisee shall make payments sufficient to cover amounts owed to Franchisor for Royalty Fees, advertising contributions and other monies owed to Franchisor through an Automated Clearinghouse (ACH) payment method or other payment method selected by Franchisor. Deposits for all other amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual.

11. ACCOUNTING, RECORDS AND REQUIRED WORKING CAPITAL

A. Franchisee shall maintain and preserve, 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 for a period of at least four (4) years all books and records related to the Franchised Business including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers.

B. Franchisee shall supply to Franchisor on or before the fifteenth (15th) day of the following calendar month and/or the established accounting period (e.g. thirteen (13) period accounting if elected by Franchisor), in a form prescribed by Franchisor, a balance sheet as of the end of the last preceding calendar month and a profit and loss statement for such month and Franchisee's fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty five (45) days after the end of each fiscal year, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified to be true and correct by Franchisee. Franchisor reserves the right to require audited or reviewed financial statements and/or compilation reports prepared by a certified public accountant at Franchisee's expense.

C. Franchisee shall submit to Franchisor periodic reports, forms and records, including but not limited to federal, state and local income, sales and other tax returns relating to the business, as specified, in the manner and at the times specified in the Manual or as Franchisor shall otherwise require in writing from time to time. Franchisor shall have the right to require Franchisee to provide tax returns concurrently with filing with the taxing authority. If Franchisee fails to submit any required reports or other items, or submits reports or other items that are incomplete or contain errors, Franchisor shall have, in addition to any other rights granted in this Agreement or the Manual, or at law or equity for the breach, the rights to (i) obtain and/or correct such reports or other items and charge Franchisee for all expenses incurred by Franchisor in doing so, including without limitation the costs of any outside service providers engaged by Franchisor for such purposes, and/or (ii) require Franchisee to engage an outside service provider designated or consented to by Franchisor to obtain and/or correct such reports and other items at Franchisee's sole expense.

D. Franchisee shall record all sales and related activities on computer-based point-of-sale cash registers which are fully compatible with any program or system which Franchisor, in its discretion, may now or in the future employ. Franchisee must obtain a computer system, including royalty calculation software, anti-virus software and all other software and hardware we deem necessary, meeting the specifications and standards prescribed by Franchisor. All Gross Revenue and sales information shall be recorded on such equipment. Franchisor shall have full access to all data, system and related information by means of direct access in the form desired by Franchisor, including in-person or by remote access via telephone or other network connection. Franchisee shall immediately on request of Franchisor, supply Franchisor with the server, IP, or other network connection information (including passwords or passcodes) necessary for Franchisor to remotely access the sales, related sales activities and all other data.

E. Franchisor or its designated agents shall have the right at all reasonable times and without advance notice to examine and copy, the business records, bookkeeping and accounting records, sales and income tax records and tax returns of Franchisee. Franchisor shall have the

right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. Franchisee shall fully cooperate with such inspection and audit. If an inspection or audit reveals any understatement in a report to Franchisor, or underpayment for any reason, then Franchisee shall immediately pay to Franchisor the amount understated or underpaid on demand, and interest from the date such amount was due until paid, at the rate in Section 10(C). If an inspection discloses an understatement or underpayment of two percent (2%) or more in any period, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection or audit. These remedies shall be in addition to any other remedies Franchisor may have.

F. Franchisee acknowledges that nothing in this Agreement consents to late or untimely payment. Franchisee acknowledges that failure to pay all amounts when due shall be a breach of and grounds for termination of this Agreement.

G. At all times, Franchisee shall maintain a cash reserve in its bank account(s) of the greater of twenty-five thousand dollars (\$25,000) or the amount necessary to cover one month's expenses of the Franchised Business, as determined in good faith based on average expenses for 12 prior months. On request by Franchisor, Franchisee shall submit monthly balance sheets verifying such working capital. Franchisor or its designated agents shall have the right at all reasonable times to examine the books, records and accounts of Franchisee to ensure Franchisee maintains the required amount of working capital and otherwise complies with this Agreement.

12. STANDARDS OF QUALITY AND PERFORMANCE

To protect the System, Marks, Trade Secrets and goodwill associated with the same:

A. Franchisee shall comply with the entire System including, but not limited to, the requirements of this Section 12. Franchisee shall comply with all requirements in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall be complied with by Franchisee as if they were provisions stated in this Agreement. These changes are deemed to be made pursuant to this Agreement and are not modifications of this Agreement. All references herein to this Agreement shall include all mandatory specifications, standards and operating procedures and rules.

B. Franchisee shall operate the Franchised Business in compliance with the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Business, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the System with which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Business consistent with the policies of Franchisor.

C. Franchisor may, when not prohibited by law, establish and revise fixed, minimum or maximum standard and/or promotion prices to be charged for products and services offered by the

Franchised Business and other policies relating to pricing, discounting, promotional pricing, advertising of prices and other price-related matters. This may include but is not limited to restricting or prohibiting discounting, limitations or prohibitions of certain kinds of advertising and other pricing-related restrictions. Franchisee shall be obligated to abide by pricing and related specifications established by Franchisor when not prohibited by law. Until such time as Franchisor establishes pricing specifications, Franchisee shall have the right to determine prices to be charged by the Franchised Business. Franchisee shall notify Franchisor in writing on determining such prices and shall notify Franchisor in writing at least thirty (30) days prior to making any changes to such prices.

D. Franchisee shall start operating the Franchised Business not later than six (6) months after the Effective Date. Prior to opening, Franchisee shall obtain all necessary licenses, permits and approvals and complied with all pre-opening standards and specifications prescribed by Franchisor.

E. Franchisee shall sell approved products and services only from the location of the Franchised Business. Franchisor places no restrictions upon Franchisee's ability to serve customers provided Franchisee does so from the location of the Franchised Business.

F. Franchisee shall maintain the condition and appearance of the Premises in compliance with Franchisor's quality controls and standards. Franchisee shall effect reasonable maintenance of the Franchised Business as required to maintain or improve the appearance and efficient operation of the Franchised Business including, but not limited to, replacement of worn out or obsolete equipment, furniture, fixtures and signs, repair of exterior and interior and purchasing and installation of new or modified equipment. If at any time in Franchisor's judgment the state of repair or appearance of the Premises or its equipment, furniture, fixtures, signs or decor does not meet Franchisor's quality control and standards, Franchisor shall have the right to notify Franchisee, specifying action to be taken by Franchisee to correct the deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of notice, and thereafter continue, a bona fide program to complete required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter the Premises and effect the repairs, painting, maintenance or replacements on behalf of Franchisee and Franchisee shall pay the costs on demand. Any maintenance or replacement under this Section 12(F) shall be additional to any requirement to remodel, modernize or redecorate costs in Section 3(F).

G. Franchisee shall make no material alteration to the Premises nor make material replacement of or alteration to the equipment, fixtures or signs of the Franchised Business without prior written consent of Franchisor.

H. The location of the Franchised Business consented to by Franchisor in accordance with Section 3 shall be used only for operating an Rivali Paint Protection Franchised Business. Franchisee shall not share and shall not conduct, operate or permit anyone else to conduct or operate any other business or activity from or at the premises.

I. Franchisee shall offer and sell only authorized products and services specified by Franchisor as provided in the Operations Manual. Franchisee is required to exert Franchisee's best efforts to aggressively market and sell all products and services which currently are paint protection, paint correction, ceramic coatings, window tinting, powder coating, vinyl wraps and other car cleaning, detailing and interior and exterior car wash services, and that Franchisor

designated from time to time, to be products or services central to the operation of the Franchised Business.

J. From time to time, Franchisor shall provide to Franchisee a list of approved manufacturers, suppliers, vendors and distributors ("Approved Suppliers List") and approved inventory, products, fixtures, furniture, equipment, tools, signs, materials stationery, supplies and other items or services used to operate the Franchised Business ("Approved Supplies List"). The list(s) may specify any or all of: manufacturer, brand name, supplier, distributor, inventory, products, fixtures, furniture, equipment, signs, stationery, supplies, software, technology and services which Franchisor approved to be carried or used in the System. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time, in its sole discretion, and such lists shall be submitted to Franchisee as Franchisor deems advisable. For any, some or potentially all products or services Franchisor may designate itself or Franchisor's affiliate and/or one or more other specific supplier(s), as an approved supplier or as the sole approved supplier(s), including without limitation proprietary software and products.

K. If Franchisee proposes to offer for sale at the Franchised Business any brand of product, or use in the operation of the Franchised Business any brand of equipment, tools or other material or supply or service which is not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any product or service from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall, on request by Franchisor, submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether such product, material, supply or service or such proposed supplier, meets its specifications and quality and other standards. A charge not to exceed the reasonable cost of the inspection and evaluation, and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities, products and services of any supplier and to revoke approval of any item or service which fails to continue to meet any of Franchisor's criteria. Franchisor reserves the right, in its sole discretion, to approve any and all supplies, services, suppliers, brand name products and other products and services, whether currently approved by Franchisor or submitted to Franchisor for approval, authorized for use by or sale from the Franchised Business.

L. All inventory, products, materials and other items and supplies and services used in operation of the Franchised Business which are not specifically required to be purchased in accordance with Franchisor's Approved Supplies List and Approved Suppliers List shall conform to the specifications and quality standards established by Franchisor from time to time.

M. Franchisee shall obtain and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations relating to occupational hazards and health, chemicals, consumer protection, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes. If Franchisee fails any OSHA or other government inspection which results in closure of the Franchised Business for any length of time, Franchisee shall submit a written plan of corrective action to Franchisor and shall comply with any OSHA and other government orders.

N. Franchisee shall refrain from any merchandising, advertising or promotion practice which is unethical or may be injurious to the business of Franchisor and/or other Franchised Business or to the goodwill associated with the Marks.

O. Franchisee shall be solely responsible for operation of the Franchised Business. The Franchised Business shall at all times be under the direct, on-premises supervision of Franchisee and Franchisee shall devote its full time and attention to managing and supervising all administrative and operational activities of the Franchised Business, both development obligations and store operations. If Franchisor consents to Franchisee assuming these responsibilities less than full time, Franchisee must employ and retain an individual who shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Business (the “Manager”). Franchisor has no obligation to grant this consent. The Manager shall, during the entire period he or she serves as such, meet the following qualifications: (i) actively supervise and manage the Franchised Business on a full time basis and devote his or her full time and best efforts solely to operation of the Franchised Business and to no other business activities; (ii) meet Franchisor’s education, experience, and other reasonable criteria for such position, set forth in the Manual or otherwise in writing by Franchisor; (iii) be an individual acceptable to Franchisor; (iv) successfully complete the initial training program to Franchisor’s satisfaction; and (v) avoid actions or conduct that are unlawful and in view of such person’s position as Manager, may hurt the reputation of the Franchised Business or any of the Marks or of Franchisor. If Franchisee is a business entity, Franchisee must designate a Manager acceptable to Franchisor who will be principally responsible for communicating with Franchisor about the operational and other ongoing matters concerning the Franchised Business .

P. If Franchisee operates more than one (1) franchise, Franchisee shall personally divide at least a forty (40) hour work week among all the Rivali Paint Protection Franchised Business it operates and shall employ at least the number of Managers for each Franchised Business to meet the requirement in Sections 4(H) and 12(Q). Franchisor is not obligated to permit or consent to Franchisee operating more than one (1) or any additional Franchised Business .

Q. Franchisee shall at all times supervise the operations of the Franchised Business. Franchisee shall keep Franchisor informed at all times of the identity(s) of employee(s) acting as manager(s) of the Franchised Business. If Franchisee selects a substitute or additional supervisory or managerial staff member, Franchisee shall make sure such supervisory or managerial staff member becomes a Manager by successfully completing the initial training and a six month qualification period. If Franchisee’s manager fails to complete the initial training and qualification period, Franchisee must designate a new supervisory or managerial staff member to become a Manager. Franchisor shall make training available, as is reasonable and necessary, for all managers designated by Franchisee. Franchisor shall provide such training at the then-current published rates. Franchisor shall have no obligation to provide individual training to Franchisee's managers. Franchisee shall, at all times, faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that shall conflict with its obligations hereunder.

R. Franchisee shall not install or maintain on the Premises, any newspaper rack, video game, juke box, gaming machine, gum machine, game, ride, vending machine, computer games, robots or other similar devices without the written consent of Franchisor.

S. Franchisor may, in the future (but is not obligated to), develop and/or design software and/or select and designate third-party software, or a combination of these, for accounting, inventory, point-of-sale functions and other activities. The software may be entirely or partly proprietary to and confidential information of Franchisor. At such time(s) as Franchisor introduces such software to the System (if ever), Franchisor shall have the right to require that Franchisee implement and utilize the software in the operation of the Franchised Business and comply with

all specifications and standards prescribed by Franchisor regarding the software. Franchisor shall have the right to require Franchisee to pay reasonable amounts for the license of and maintenance of the software whether to Franchisor, Franchisor's affiliate or one or more third party(s) or a combination of them.

T. Franchisor may develop trademarked products consisting of certain private label items and other products bearing the Marks. Franchisee shall carry and maintain a representative inventory of the trademarked products as required by Franchisor. Franchisee shall allocate sufficient display space in the Premises to the trademarked products for the Franchised Business as described in the Manual. Franchisee shall purchase trademarked products for the Franchised Business from Franchisor or other designated sources which manufacture or supply the trademarked products to Franchisor's specifications. Franchisee shall promote, offer and sell through the Franchised Business all merchandise including the trademarked products and other services prescribed by Franchisor as part of the System.

U. Franchisee shall notify Franchisor in writing within three (3) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

V. Franchisee shall not engage in, and shall not permit its personnel to engage in, any form of online social networking (e.g. Facebook, LinkedIn, Twitter, Pinterest, Instagram, Tik Tok, Yelp and others) using any of the Marks or otherwise referring to the Franchised Business without Franchisor's prior written consent. Franchisee shall take all steps needed to ensure that its personnel refrain from using the Marks or otherwise referring to the Franchised Business in online social networking.

W. Franchisee shall participate in all promotion and marketing programs established by Franchisor and shall update its promotion materials as mandated by Franchisor from time to time.

X. Franchisee shall cooperate and when required by Franchisor, participate in any additional programs which may be established and designated by Franchisor from time to time, including coupons, smartphone, tablet and other mobile device applications, rewards and loyalty programs, and other programs seeking to benefit of the System, and comply with Franchisor's rules and regulations established from time to time. Franchisee shall redeem and accept all rewards and coupons issued by any programs designated by Franchisor, including any rewards or coupons issued by mobile, tablet and other mobile device applications.

Y. Franchisee shall refrain at all times from any and all forms of disparagement of Franchisor, Franchisor's personnel and affiliates of Franchisor, and from encouraging or supporting disparagement by others, including but not limited to disparaging communications to the public, in private, or otherwise and including but not limited to or from franchisees and others, whether in social media, news media, chat, email, texts or elsewhere.

13. FRANCHISOR OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the products and services offered by the Franchised Business. Such guidance shall be based on the experience of Franchisor and analysis of the costs and prices charged for competitive

products and other factors Franchisor takes into consideration. Franchisee shall be obligated to accept any such advice or guidance and related matters as provided in Section 12(C).

B. Franchisee acknowledges and agrees that results of Franchisee's efforts to operate a Business rest solely with Franchisee. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, including minimum wage requirements, record keeping, including authorization of persons to work in the United States, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the Business for which Franchisor has not established approved suppliers.

C. Franchisor shall furnish Franchisee with assistance in the operation of the Franchised Business as Franchisor deems to be necessary or useful from time to time. Operations assistance may consist of advice and guidance regarding: (1) adherence to procedures regarding the service and sale of related items and materials as approved by Franchisor; (2) additional products and services authorized for sale from the Franchised Business; (3) purchase of equipment, materials and supplies; (4) administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the operation of the Franchised Business; (5) advertising and promotion programs; and (6) research and development of procedures and techniques, products and materials and other enhancements to the System.

D. Franchisor may make visits to the Franchised Business for consultation, assistance, inspection and guidance as Franchisor deems appropriate. Franchisor or Franchisor's representatives who visit may prepare written reports regarding such visits, outlining observations and any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in operations observed in or based on of any such visit. A report's silence on a subject is not a waiver by Franchisor. Franchisor shall have the right to determine whether or not to provide a copy of such written report(s) to Franchisee. Franchisor shall advise Franchisee of problems arising out of the operation of the Franchised Business as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Business. Franchisor shall have the right to use the reports and information therein for any purposes Franchisor deems useful, which may extend well beyond matters relating to the particular Franchised Business.

E. Specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement may be delivered after conclusion of training and/or at other times as Franchisor deems appropriate.

F. Franchisor is not and shall not be obligated to provide any services to Franchisee other than those, if any, expressly stated in this Agreement.

14. INSURANCE

A. Franchisee shall obtain, at Franchisee's expense, and maintain in full force and effect, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors and employees against any loss, liability, injury, death, property damage or expense whatsoever arising or occurring on or in connection with the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and Franchisor's

shareholders, directors, officers and personnel shall be named as additional insureds in the policy(s).

B. The policy(s) shall be written by one or more insurance company(s) licensed in the state in which Franchisee operates and having an A.M. Best rating and/or other rating in accordance with standards and specifications in the Manual.

C. The policy(s) shall include, at a minimum (except as different coverages and policy limits may reasonably be specified from time to time by Franchisor in the Manual or otherwise in writing), the following:

1. Special Form with replacement cost coverage insurance on the Franchised Business and all fixtures, equipment, supplies, products and other property used in the operation of the Franchised Business (which coverage may be required to include flood and/or earthquake coverage where applicable) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

2. Workers' compensation and employer's liability insurance with a limit of one million dollars (\$1,000,000), as well as other insurance as may be required by law where the Franchised Business is located.

3. Employment practices liability insurance with a limit of at least five hundred thousand dollars (\$500,000) not counting defense costs.

4. Comprehensive general liability insurance including a per premises aggregate with at least the following coverages and at least the following limits: broad form contractual liability, personal and advertising injury; products/completed operation and garage keepers liability with coverage of at least one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate, fire damage liability of at least three hundred thousand dollars (\$300,000) per fire and medical expense coverage of at least five thousand dollars (\$5,000) per person, with each policy insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based on or arising out of actual or alleged bodily injuries or property damage resulting from, occurring in the course of, on or about or otherwise relating to the Franchised Business. Such policy shall not contain any exclusion for claims between insureds.

5. Business interruption insurance for actual losses sustained.

6. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least one million dollars (\$1,000,000).

7. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Business, or as may be required from time to time by Franchisor.

8. Umbrella coverage with a one million dollars (\$1,000,000) limit per occurrence.

D. Deductibles in the above coverages shall not exceed five thousand dollars (\$5,000). The coverages and amounts required in this Section 14 and deductible limits may be increased, enlarged, or otherwise modified from time to time by Franchisor.

E. The liability and other insurance shall not be limited by reason of insurance which may be maintained by Franchisor. Within ninety (90) days after signing this Agreement, and not later than the date Franchisee leases or acquires an interest in real property for the Franchised Business location, Franchisee shall provide Franchisor a Certificate of Insurance showing compliance with the above requirements. The certificate shall state that the policy(s) shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of the insurance and performance by Franchisee of the obligations in this Section 14 shall not relieve Franchisee of liability under any indemnity provisions in this Agreement. Minimum limits as required above may be modified from time to time by written notice to Franchisee.

F. If Franchisee fails to obtain and maintain all insurance required by this Agreement, Franchisor shall have the right, but not any obligation, to obtain all or part of the insurance coverage or comparable coverage that Franchisor is able or chooses to obtain. Franchisee shall pay the charges for the insurance together with a reasonable fee for expenses incurred by Franchisor immediately on demand.

15. COVENANTS

A. Franchisee acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no material experience, information or knowledge about a paint protection, paint correction, ceramic coatings, window tinting, powder coating vinyl wraps and other car cleaning, décor, detailing and interior and exterior car wash services and that Franchisee's knowledge of the confidential information described in Section 7 will be and was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Business under this Agreement. Franchisee acknowledges that, pursuant to this Agreement, Franchisee will and did receive valuable specialized training and confidential information, including, without limitation, confidential information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

B. Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Franchisee (if Franchisee is a corporation), a member or manager owning ten percent (10%) or more of the membership interests of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership) or Franchisee's full-time manager shall devote full-time energy and best efforts to the management and operation of the Franchised Business.

C. During the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

1. Divert or attempt to divert any business or customer of the Franchised Business to any competitor, 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.

2. Own, maintain, engage in or have an interest in any business or division of any business (including any business operated by Franchisee prior to entry into this Agreement) engaged in auto detailing, paint protection and car wash, where revenues from this service equal or exceed twenty percent (20%) of revenue of the business or of the division of the business.

D. Franchisee acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee (also including the Restricted Persons, as defined in Section 15(I)) shall not, for a period of one (1) year after the transfer, cancellation, expiration or termination of this Agreement, regardless of the cause of the transfer, expiration, cancellation, termination or rescission, either directly or indirectly, for him/her-self or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity, own, maintain, engage in, consult with or have any interest in any auto detailing, paint protection and car wash, or division of any such business, engaged in the service of auto detailing, paint protection and car wash services, where revenues from these services equal or exceed twenty percent (20%) of either revenue or volume of the business or division of the business that is located or has a location or operates: (1) within a distance of ten (10) miles of the Franchised Business; or (2) within a distance of ten (10) miles of the location of any other business using the System, whether franchised or owned by Franchisor.

E. Franchisee shall not at any time, in perpetuity, divulge to any person, partnership, corporation or any other entity, or use in any other business or venture or for any purpose, any information, Trade Secrets, procedures, processes and products, used in the System or any information stated in the Manual.

F. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 15 is held unreasonable or unenforceable by a tribunal having jurisdiction in a final decision to which Franchisee and Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15.

G. Franchisee acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant in Sections 15(C) and 15(D) or any portion, without Franchisee's consent, effective immediately on receipt by Franchisee of written notice, and Franchisee shall comply forthwith with any covenant as so modified.

H. Franchisor shall have the right to require that Franchisee obtain from all of Franchisee's officers, directors, shareholders, general partners, limited partners, personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor, similar covenants in favor of and in a form satisfactory to Franchisor.

I. If Franchisee or any of its owners and/or affiliates, and/or the respective officers, directors, managers and affiliates of each of them, and/or the spouse and/or family members of any of the foregoing ("Restricted Person") commits any violation of Section 15(D) (including any act that would violate Section 15(D) if committed by Franchisee) during the term of this Agreement or in the one (1) year period after the transfer, expiration, cancellation, termination or rescission of this Agreement or cessation of the Restricted Person's relationship with Franchisee,

in addition to all other remedies available to Franchisor, Franchisee and the Restricted Person shall, jointly and severally, pay Franchisor throughout the one (1) year period, ten percent (10%) of the revenue ("Liquidated Damages") derived by Franchisee and/or the Restricted Person from the sale of all products and services and all other income of every kind and nature ("Post Termination Gross Revenue") including sales that are and that are not the same as or similar to the type of services sold in the System. Franchisee and the Restricted Person shall account for and pay the ten percent (10%) of the Post Termination Gross Revenue to Franchisor on the fifteenth (15th) day of each month on the Post Termination Gross Revenue of the business during the previous month. Franchisor shall have the right to audit the books and records of the competitive business to confirm Franchisee's and the Restricted Person's compliance with this Section 15(I). This provision does not authorize or excuse such breach.

J. Sections 15(C) and 15(D) shall not apply to ownership by Franchisee or by a Restricted Person of less than one percent (1%) of a class of the outstanding equity securities of a business listed on the New York Stock Exchange or NASDAQ stock market.

K. Franchisor and Franchisee acknowledge and agree it would be impractical and very difficult to determine the precise amount of damages and expenses Franchisor will incur if Franchisee or any Restricted Person violates Section 15(D) due to complications in determining revenue lost by Franchisor, uncertainty regarding number of months left to complete the then-current term, uncertainty regarding Royalty Fees that would have been payable during the remainder of the term, and/or damages caused by Franchisee to Franchisor and the System on the occurrence of the circumstances described in Section 15(D). Franchisor and Franchisee acknowledge and agree that Liquid Damages are a reasonable, good faith estimate of those damages.

L. Franchisee acknowledges that the goodwill associated with telephone and facsimile numbers, email addresses, domain names and social media and other Internet addresses used in the operation of the Franchised Business is an asset of Franchisor. On cancellation, termination or expiration or rescission of this Agreement, Franchisee shall be deemed to have assigned to Franchisor or its designee, all Franchisee's right, title and interest in and to the telephone and facsimile numbers and electronic mail addresses, domain names, social media and Internet addresses, and/or service associated with these. Franchisee shall sign instruments requested by Franchisor to further confirm the assignments and transfers. On Franchisor's request, Franchisee shall notify the telephone companies, internet service providers, listing agencies and websites and others whom Franchisor requests that Franchisee notify, of the termination, cancellation or expiration and transfer to Franchisor of Franchisee's right to use any telephone and facsimile numbers and electronic mail addresses, and domain names and social media and internet addresses and any regular, classified or other telephone directory listing associated with the Marks and to give notice of transfer of same to Franchisor.

M. Franchisee shall not take any action, or omit to take any action, or cooperate or allow any action by a Restricted Person, with the purpose or effect of circumventing the provisions of this Section 15.

16. DEFAULT AND TERMINATION

A. Franchisee shall have no right to terminate this Agreement prior to expiration of its term. If Franchisee is in substantial compliance with this Agreement and claims that Franchisor has materially breached and failed to cure the breach within a reasonable time after written notice

is delivered to Franchisor, Franchisee's exclusive remedy shall be a claim, if justified, for foreseeable damage caused by that breach. Any purported termination of this Agreement by Franchisee for any reason shall constitute breach of this Agreement by Franchisee.

B. If Franchisee is unable to find an acceptable site or sign a lease within ninety (90) days from the date of this Agreement, acceptable to Franchisor, then on written notice from Franchisor, this Agreement shall be terminated. There is no refund of any fees.

C. This Agreement shall terminate automatically on delivery of written notice of termination to Franchisee, unless otherwise indicated by Franchisor, if Franchisee or its owner(s), member(s), shareholder(s), officer(s), director(s) or manager(s):

1. Fails to satisfactorily complete the training program as provided in Section 4 of this Agreement;

2. Made any material misrepresentation or omission in its application for the Franchised Business even if not discovered until later;

3. Is convicted of or pleads no contest, where such plea is applicable, to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisee or the Franchised Business;

4. Is or becomes a subject of media attention for any act, omission, conduct or behavior of any kind whatsoever, or there is a risk of media attention, which may injure the reputation or goodwill of the Marks (regardless of whether the matter that is the basis of the media attention is true or not);

5. Makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information provided to Franchisee by Franchisor;

6. Abandons, fails or refuses to actively operate the Franchised Business for two (2) business days in any twelve (12) month period, unless the Franchised Business has been closed for a purpose consented to by Franchisor or due to force majeure, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for the Premises;

7. Surrenders or transfers control of the operation of the Franchised Business, makes 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 disabled controlling owner, as herein required;

8. 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 which understate by more than two percent (2%) of the Gross Revenue for any period or periods;

9. If Franchisee shall be adjudicated a bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains

unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its Premises or equipment is instituted against Franchisee and not dismissed within [thirty (30) days], or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Franchisee;

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

11. Materially misuses or makes an unauthorized use of software licensed by Franchisor or be a third party designated by Franchisor;

12. Fails on two (2) or more occasions in any period of twelve (12) months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, amounts due for purchases from Franchisor or other payments due to Franchisor, Franchisee's landlord or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee;

13. Violates any health, safety or sanitation law, ordinance or regulation, fails any OSHA or health department or other government inspection which results in a permanent or temporary closure of the Franchised Business, or operates the Franchised Business in a manner that presents a safety or health hazard to its customers or the public; or

14. Fails to maintain the required amount of working capital provided by Section 11(G) and does not cure the deficiency within thirty (30) days of written notice from Franchisor or fails on two (2) or more separate occasions within any period of twelve (12) months to maintain the required amount of working capital.

D. This Agreement shall terminate on the election of Franchisor without further notice to Franchisee if Franchisee:

1. Fails or refuses to make payments of any amounts due Franchisor for Royalty Fees, advertising contributions, purchases from Franchisor or any other amounts due to Franchisor, and does not correct such failure or refusal within seven (7) days after written notice of the failure is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise in writing, and does not correct such failure within thirty (30) days, or lesser time specified by Franchisor that is reasonable in the circumstances (or provide proof acceptable to Franchisor that it has made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within thirty (30) days or lesser time specified by Franchisor that is reasonable in the circumstances) after written notice of such failure to comply is delivered to Franchisee.

E. To the extent a provision of this Agreement provides for periods of notice less than those required by applicable law, or provides for termination, cancellation, nonrenewal or the like,

other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be subject to the period of time provided by applicable law.

F. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or other rights against Franchisee, Franchisor, in the event Franchisee has not cured a default under this Agreement within ten (10) days after receipt of a written notice to cure from Franchisor, may, at its option, enter on the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and there is compliance with the requirements of this Agreement or until termination, or until Franchisor elects to have Franchisee resume operating the Business. Franchisee acknowledges and agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business (or exercise any lesser level of control and operation, at such representative's discretion). Franchisee shall pay Franchisor the then-current Royalty Fee plus all travel expenses, food, lodging and other expenses incurred by the representative, and a management fee equal to two hundred fifty dollars (\$250) per day for the time in which Franchisor exercises such right. Franchisee shall indemnify, defend and hold harmless Franchisor and any representative of Franchisor who may act under this Section 16(F), with regard to any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

G. Any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between Franchisor, or its affiliates, and Franchisee, or its owners or affiliates, shall be deemed to be a default of each and every agreement. In the event of termination or cancellation for any cause, of this Agreement or any other agreement between the parties, Franchisor may, at its option, terminate any or all of the agreements.

H. For purposes of this Agreement, including this Section 16 and all provisions of this Agreement, the acts and omissions of Franchisee, Franchisee's managers and employees of Franchisee shall be deemed to be and are the acts and omissions of Franchisee and Franchisee is and shall be deemed to be responsible for such acts and omissions.

17. RIGHTS AND DUTIES AT AND AFTER END OF AGREEMENT

To protect the System, Marks, Trade Secrets and goodwill associated with the same, on cancellation, termination, rescission or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately stop operating the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. On written demand by Franchisor, if Franchisor elects to make such demand, Franchisee shall within three (3) days provide all information that Franchisor requests regarding the lease for the Premises including but not limited to a copy of the lease; and on further written demand by Franchisor, if Franchisor elects to make such demand, Franchisee shall in writing assign all Franchisee's interest in the lease for the Premises to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation to assign the lease, within seven (7) days after Franchisor's written demand.

C. Franchisee shall immediately and permanently stop using, whether by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, any distinctive forms, slogans, signs, symbols, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks associated with the System.

D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name rights or equivalent registration filed with state, city or county authorities which contains the name "Rivali Paint Protection" or any Mark. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, changing telephone and facsimile numbers) immediately on termination or expiration of this Agreement, as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes as Franchisor may reasonably request for this purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. If Franchisee fails or refuses to comply with the requirements of this Section 17, Franchisor shall have the right to enter the Premises, without liability for trespass, interference or other tort or claim, 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 on demand.

F. Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with another business or promotion of such business, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition.

G. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for default of Franchisee, Franchisee shall pay Franchisor as liquidated damages an amount equal to the lesser of (i) two (2) times the amount of Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months (or if the Franchised Business has been operating less than twelve (12) months, two (2) times the average monthly Royalty Fees payable over the actual operating period multiplied by twelve (12)), and (ii) the number of months remaining until the expiration of then-current term times the average monthly Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months. Franchisee and Franchisor agree the actual damages Franchisor would suffer for the loss of prospective fees and other amounts payable to Franchisor under this Agreement would be difficult to ascertain and that the above calculation of liquidated damages represents a reasonable estimation of Franchisor's actual damages. Payment of the liquidated damages will not limit any other remedy Franchisor may have at law or in equity resulting from Franchisee's failure to perform its obligations under this Agreement.

H. Franchisee shall pay Franchisor all damages, costs and expenses, including attorneys' fees, incurred by Franchisor to enforce the terms of this Agreement, including but not limited to matters relating to termination or expiration of the franchise, and/or obtaining injunctive or other relief pertaining to Section 15.

I. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists and databases, records, files, instructions, brochures, agreements and any and all materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property). Franchisee shall not retain any copies of the Manual on or after expiration or termination or cancellation of this Agreement.

J. Franchisor shall have the right, title and interest to any sign, sign faces or other items bearing the Marks and any graphics, memorabilia, stickers, wraps, banners or novelty items supplied by Franchisor. Franchisee shall provide Franchisor access to the Premises to take possession of such signs or items, or, on Franchisor's election, Franchisee agrees to destroy such signs or items.

K. Franchisor shall have the right (but not the obligation), to be exercised by written notice of intent to do so within thirty (30) days after cancellation, termination or expiration, to purchase for cash any or all assets of the Franchised Business that Franchisor selects, including leasehold improvements, equipment, supplies and other inventory, advertising materials and all items bearing the Marks based on the depreciated value of such assets using a five (5) year straight line depreciation formula, but in no event shall such amount be less than ten percent (10%) of the original book value of the assets. Franchisor shall have the right to set off all amounts due from Franchisee, if any, against any payment thereof.

L. Franchisee shall comply with the covenants in Section 15 of this Agreement.

M. Though various provisions of this Agreement refer to one or more or less than all of termination, cancellation, rescission and/or transfer, obligations of Franchisee on and after termination of this Agreement are deemed to apply (and the word termination is deemed to mean and refer to) termination, cancellation, rescission, transfer and any other act or event that results in the ending of this Agreement between Franchisee and Franchisor.

18. TRANSFER

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and/or Franchisor's successors-in-interest, in whole or in part, on one or more occasions. By way of example, and without limiting the foregoing, Franchisor may: sell its assets, Marks or System to a third party; make a public offering of securities; engage in a private placement of some or all of its securities; merge, acquire other entities or be acquired by other entities even if competitive Franchisee and/or with the System; refinance, recapitalize, engage in a leveraged buyout or other restructuring. Franchisor shall have the right to purchase, merge, acquire or affiliate with a competitive or non-competitive franchise network, chain or other business regardless of location(s) of the chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Businesses operating under the Marks or any other marks regardless of effect(s) on Franchisee or the System. Franchisee waives any claims, demands or damages arising from or related to the above transactions, activities and their effects including without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of implied covenant of good faith and fair dealing.

B. This Agreement and all rights hereunder may not be Transferred (as defined in Section 18(B)(1) below) by Franchisee without first obtaining Franchisor's written consent. Franchisor may, as conditions to granting consent, require that Franchisee comply with the following conditions and requirements:

1. No Franchisee, partner of Franchisee (if Franchisee is a partnership) member of Franchisee (if Franchisee is a limited liability company) or shareholder of Franchisee (if Franchisee is a corporation) (such Franchisee, partner, member or shareholder collectively referred to herein as a "Transferring Franchisee"), without Franchisor's prior written consent, such consent to be withheld pursuant to the terms of Section 18(B)(2) below, whether voluntarily or involuntarily, by operation of law or otherwise shall sell, assign, transfer, convey, give away or encumber, or sell, assign, transfer, convey, give away or encumber Control (as defined below) of Franchisee (collectively "Transfer") to any Person (as defined below), all or any part of its interest in Franchisee, this Agreement, its interest in the franchise or the Franchised Business, or its interest in or ownership of any proprietorship, partnership, limited liability company, corporation or other organization which owns any interest in Franchisee, this Agreement, the franchise, or the Franchised Business, nor offer, permit or suffer the same to be Transferred in any way to any Person. Franchisee may not, without the prior written consent of Franchisor, fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The restriction on transferability also applies to any purported transfers through a shell, or through divorce or separation proceedings. Withholding consent to one or more Transfer(s) shall be deemed to be reasonable if Franchisee fails to meet any of the conditions on transferability in Section 18(B)(2);

2. Provided the conditions and requirements in Section 18(B)(2)(a) below are first satisfied to Franchisor's satisfaction, Franchisor shall not unreasonably withhold consent to a Transfer by a Transferring Franchisee of less than Control of Franchisee, or any Transfer of less than Control of the rights of any Person in and to this Agreement, the franchise, and/or the Franchised Business. For this Article 18, "Control" shall mean possession, directly or indirectly, of power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. The definition shall be construed to apply equally to variations of the word "Control" including "Controlled," "Controlling" or "Controlled by." Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests. "Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any government authority. Franchisee, and any Person owning an interest in Franchisee, or this Agreement, whether an individual, partnership, limited liability company, corporation or other organization or entity, shall maintain adequate and accurate accounts, books and records of its business and the ownership interest of Franchisee. All such accounts, books and records shall be kept at the principal executive office of Franchisee in the state of operation of the Franchised Business, and Franchisor shall have the right, on 24 hours' notice, to inspect such records for compliance with the conditions and restriction contained in this Agreement.

a. If the Transferring Franchisee desires to make a Transfer as described in Section 18(B)(2):

(1) the transferee Person shall be either an individual or a newly organized entity, and if an entity, its charter and/or organizational documents shall provide that its activities are confined exclusively to acting as a Rivali Paint Protection franchisee as provided under this Agreement and owning an ownership interest in Franchisee;

(2) the Transfer shall not constitute nor result in a change in Control of Franchisee;

(3) the Transfer shall not cause a change to be made to the president and/or chief executive officer, sole manager, sole general partner, or Person otherwise holding the highest position of power in Franchisee;

(4) the transferee Person shall enter into a written assumption agreement (in a form satisfactory to Franchisor), in which the transferee Person assumes and agrees to be jointly and severally liable, as applicable, for all of the Transferring Franchisee's obligations hereunder;

(5) all owners, shareholders, members, or partners of such transferee Person who own ten percent (10%) or more of the equity interests in such transferee Person or each individual who becomes an owner of ten percent (10%) or more of Franchisee as a result of such Transfer, or through a series of Transfers, shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of Franchisee's obligations under this Agreement;

(6) each stock certificate of a transferee corporation shall have conspicuously endorsed on it a statement that it is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignments by this Agreement;

(7) the formation, operation, management, or ownership documents of the Person, and the certificates of membership interests, partnership interests, or ownership interests (if any) shall be in writing and shall conspicuously state that all such formation, operation, management, or ownership documents, and all such membership, partnership or ownership interests are held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignments by this Agreement;

(8) no new shares of common or preferred voting stock, membership interests, partnership interest, or other ownership interest (of whatever nature) in the transferee Person shall be issued to any person, partnership, trust, foundation, limited liability company, corporation or other organization without obtaining Franchisor's prior written consent and then only on disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock, membership, partnership, or other ownership interests; and

(9) all accrued monetary obligations of Franchisee to Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement.

b. If the Transferring Franchisee desires to make a Transfer, other than a Transfer authorized under Section 18(B)(2)(a), or if a Transfer if consummated alone or together with other related previous, simultaneous or proposed transfers, would constitute a Transfer of Control of Franchisee or any Person with which Franchisor has entered into this Agreement, or the rights of any such Person in and to this Agreement to someone other than an original signatory of this Agreement, Franchisor may withhold its consent to such Transfer for any reason or for no reason, as determined in Franchisor's sole and absolute discretion. Notwithstanding the foregoing, Franchisor may consent to such Transfer, provided that, in addition to the conditions and requirements described in Sections 18(B)(2)(a)(1)-(9) above, the Transfer and the Transferring Franchisee shall meet the following conditions:

(1) The Transfer shall be subject to Franchisor's right of first refusal as described in Section 20;

(2) the proposed transferee(s) shall be of good moral character and reputation and shall have a good credit rating and good business qualifications reasonably acceptable to Franchisor, and Franchisee shall provide Franchisor with such information as Franchisor may require to make the foregoing determinations concerning each such proposed transferee(s);

(3) the proposed transferee(s) or such other individual(s) who shall be the actual manager of the franchise shall have successfully completed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the business being transferred;

(4) the proposed transferee(s), including all shareholders, officers, directors, members, managers and partners of the transferee(s) shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct:

(a) a Franchise Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, except that an additional initial franchise fee shall not be charged and the term and any extensions or renewals shall be as provided in this Agreement; and/or

(b) a written assignment from Franchisee in a form satisfactory to Franchisor, wherein such proposed transferee shall assume all of Franchisee's obligations hereunder;

(5) consent by Franchisor to a Transfer by a Transferring Franchisee of such Transferring Franchisee's rights in and to the franchise, and/or the Franchised Business herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of such Transferring Franchisee's obligations pursuant to this Agreement, and consent by Franchisor to a Transfer of the franchise shall not constitute or be interpreted as consent for any future Transfer;

(6) Franchisee, prior to the Transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor, and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law;

(7) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and the transferee or Franchisee shall have fully paid to Franchisor a non-refundable transfer fee of seven thousand five hundred dollars (\$7,500). The transfer fee shall be paid by Franchisee to Franchisor on Franchisee's request for Franchisor's consent to the proposed Transfer. This transfer fee does not apply to a Transfer under Section 18(B)(2)(a) of this Agreement.

(8) The sale price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in Franchisor's judgment, there is a significant risk that the proposed transferee will not be able to meet the proposed transferee's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the proposed transferee if Franchisor approves the Transfer and the proposed transferee thereafter experiences financial difficulties.

(9) If the proposed transferee is an entity, each owner and each owner's spouse of the proposed transferee shall jointly and severally guarantee the proposed transferee's performance of its obligations in the then-current Franchise Agreement under Franchisor's form of a Guarantee and Assumption of Obligations.

(10) Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of confidential information.

(11) Franchisee must simultaneously transfer its rights to all contracts for which continuation is necessary for operation of the Franchised Business to the proposed transferee and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the proposed transferee. The proposed transferee must execute all other documents and agreements required by Franchisor to consummate the Transfer, and, at Franchisor's request, Franchisee, as transferor or assignor, shall execute a continuing guarantee in favor of Franchisor of the performance and payment by the proposed transferee, as transferee or assignee, of all obligations and debts to Franchisor and its Affiliate under the replacement Franchise Agreement. All required third party consents to the Assignment must be obtained.

3. No Transfer of Franchisee, any right in this Agreement, in the franchise, or in the Franchised Business, shall relieve Franchisee or any Person participating in any Transfer, of the obligations of the covenants contained in Section 15, except where expressly authorized by Franchisor in writing.

4. Franchisee must give Franchisor ninety (90) days written notice prior to any proposed sale or assignment. This is to enable Franchisor to comply with applicable state or federal franchise disclosure laws or rules and allow Franchisor time for analysis and investigation to evaluate exercise of Franchisor's rights. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Section 18.

5. Franchisee shall not, without prior written consent of Franchisor, place in, on or on the location of the Franchised Business, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information relating to the sale of the Franchised Business, or the rights granted hereunder.

6. Any purported Transfer of any ownership of Franchisee, or of Franchisee's rights in and to this Agreement, the franchise, or the Franchised Business not meeting the conditions and requirements in Section 18, shall be null and void and without effect, and shall constitute a material default hereunder.

C. Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in the Entity Information Disclosure and provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects.

19. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual Franchisee, any partner of a Franchisee which is a partnership, any member of a limited liability company owning twenty five

percent (25%) or more membership interests of a Franchisee which is a limited liability company, any shareholder owning twenty five percent (25%) or more of the capital stock of a Franchisee which is a corporation, or any Person, which, on the death or incapacity of such Person, will result in a change in Control of Franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual, partner, shareholder, or Person, shall, within ninety (90) days of such event:

1. If such parties so desire, apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals, which right shall be granted on the fulfillment of all of the conditions in Section 18(B)(2)(b) of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer or convey Franchisee's interest in compliance with the provisions of Sections 18(B) and 20 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, assign, transfer or convey shall be computed from the date of said rejection. For purposes of this Section 19, Franchisor's silence on an application made pursuant to Section 19(B) through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of death or incapacity of an individual Franchisee, or any partner, shareholder, or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Section 19(A) have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor, and the provisions in Section 17 shall apply.

C. For this Agreement, "incapacity" means the inability of an individual Franchisee, or a partner, shareholder, or member of a Franchisee which is a partnership, corporation, or limited liability company, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity shall be resolved by a licensed medical physician reasonably selected by Franchisor. The determination of the medical physician shall be binding on the parties and all costs of making the determination shall be borne by the party against whom it is made.

20. RIGHT OF FIRST REFUSAL

In the event of a Transfer or proposed Transfer as described in Section 18(B)(2)(b) above, or in the event a bona fide third party offer is made to purchase the Franchised Business, or Franchisee or any interest in any of these, which Franchisee is interested to accept, Franchisee shall obtain and deliver a bona fide, executed written offer to purchase the same to Franchisor, which shall, for a period of thirty (30) business days from the date of delivery of such offer, have the right to deliver written notice to Franchisee or its owners, that Franchisee elects to purchase the Franchised Business or such ownership for the price and on the terms and conditions in the offer to Franchisor. Franchisor shall have the right to substitute cash for any form of payment proposed in the offer and shall have at least ninety (90) days for closing the purchase. If Franchisor does not exercise this right of first refusal, the offer may potentially be accepted by Franchisee or its owners, subject to the conditions and the prior written approval of Franchisor, as provided in Section 18, provided that if such offer is not so accepted within one hundred twenty (120) days of its date, Franchisor shall again have the right of first refusal under this Section 20. A transferee

franchisee that assumes the rights and obligations under this Agreement shall be subject to Franchisor's right of first refusal under terms and conditions in this Section 20. This right of first refusal is a continuing right of first refusal. Franchisor's failure to exercise or election not to exercise its right of first refusal shall not be deemed a waiver of future exercise of the right of first refusal.

21. OPERATION IN EVENT OF ABSENCE, BREACH, INCAPACITY OR DEATH

To prevent or reduce disruption of the Franchised Business which would cause harm to the Franchised Business and depreciate its value and potentially injure the Marks, Franchisee authorizes Franchisor to operate the Franchised Business for so 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 Franchisee is absent or incapacitated by reason of illness or death, or is breach of this Agreement, and/or, in the sole judgment of Franchisor, is or appears, for the foregoing or any other reason not able to operate the Franchised Business. However, Franchisor shall not be obligated to so operate the franchise. This provision is an additional, optional course of action by Franchisor and shall in no way be an obligatory course of action or remedy. If Franchisor elects to assume operation of the Franchised Business, Franchisor will have the right to charge a reasonable fee for its management services, plus its costs. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Business, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act pursuant to this Section 21, from any and all claims arising from the operation of the Franchised Business including, without limitation, the acts and omissions of Franchisor and its representative if, as herein provided, Franchisor temporarily operates the Franchised Business for Franchisee.

22. FRANCHISOR'S EXERCISE OF BUSINESS JUDGMENT

Franchisee acknowledges and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor a wide range of discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

23. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent to third parties that it is an agent of Franchisor, and it is understood between the parties that Franchisee shall be an independent contractor and 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 behalf of Franchisor. Franchisor and Franchisee further agree that this Agreement does not create a fiduciary relationship between them.

B. Franchisee shall prominently display, by posting a sign within public view, and include in all printed material including business cards, stationary, fliers, circular ads, radio and television and internet advertising, statements that the Franchised Business is independently owned and operated by Franchisee as a Rivali Paint Protection Franchised Business of Franchisor and not as an agent. Franchisee shall inform all personnel by prominently posting in the area for personnel, and on stationery, that personnel are employed by Franchisee, which is an independently owned and operated franchisee. This provision does not authorize any such posting or advertising other than in compliance with other applicable provisions of this Agreement.

C. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Business including the sale of any service or merchandise sold from the Franchised Business. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Business, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

24. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist on strict compliance by Franchisee with any obligation or condition hereunder, and no custom or 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 hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder 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.

25. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery service, mailed by certified mail return receipt requested, overnight delivery such as FedEx, UPS or the like, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the addresses stated in the introductory paragraph of this Agreement unless and until a different address has been designated by written notice to the other party.

26. COST OF ENFORCEMENT OR DEFENSE

If a claim for amounts owed by a party to another party is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisor or Franchisee is required to enforce this Agreement in a judicial proceeding, the prevailing party shall be entitled to reimbursement of its costs, including all accounting and attorneys' fees, in connection with such proceeding.

27. APPROVALS

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. All approvals and consents shall be granted or withheld in the sole and absolute discretion of Franchisor, except as otherwise provided herein.

B. Franchisor makes no warranties or guarantees on 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 a request.

28. ENTIRE AGREEMENT

This Agreement, any Exhibit to this Agreement and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between the parties concerning the subject matter of this Agreement, and supersedes all prior discussions, correspondence, negotiations, drafts, and agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not stated herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall bind either party unless executed in writing by both parties. Nothing in this or in any related agreement, however, is intended to disclaim representations made by Franchisor in the Franchise Disclosure Document provided to Franchisee.

29. SEVERABILITY AND CONSTRUCTION

A. Each Section, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any Section, part, term and/or provision herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties

hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement.

B. Nothing in this Agreement is intended, nor shall be deemed, to confer on any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement, except as follows. Provisions of Sections 16(F), 18(B), 23(c) and elsewhere, if applicable, concerning indemnification of Franchisor and referencing other persons affiliated with Franchisor, shall be deemed to be for the benefit of such owners, directors, managers and officers who are described therein even though they have not signed this Agreement.

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

D. Captions are intended only for convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision. The singular usage includes the plural, where appropriate in the context, and the masculine and neuter usages include the other and the feminine.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

30. SOLVING DISPUTES.

A. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY FRANCHISOR AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF CALIFORNIA, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW. IF ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER CALIFORNIA LAW, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS SECTION IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULES, OR REGULATION OF THE STATE OF CALIFORNIA TO WHICH IT WOULD NOT OTHERWISE BE SUBJECT.

B. The parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement including, but not limited to, any claim concerning the entry into, performance under or termination

of the Agreement, to binding arbitration. The arbitration shall be conducted by the American Arbitration Association according to the Commercial Rules of Arbitration. If such rules are in any way contrary to or conflict with this Agreement, the terms of this Agreement shall control.

C. The arbitrator shall be experienced in arbitration of disputes between franchisors and franchisees. The arbitration shall take place at the American Arbitration Association office closest to Franchisor's principal office. The award of the arbitrator shall be final and judgment on the award in arbitration may be entered in any court having jurisdiction. The costs and expenses of arbitration may be entered in any court having jurisdiction.

D. Regardless of the provisions for arbitration a party may seek and obtain provisional relief in court in aid of arbitration.

E. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN LOS ANGELES COUNTY, CALIFORNIA. With regard to any claims, controversies or disputes which are not finally resolved through arbitration, or with regard to provisional relief in aid of arbitration, or to obtain judgment on an arbitration award, the parties irrevocably submit themselves to the jurisdiction of the state courts in Los Angeles County, California and the United States District Court for the Central District of California. Franchisee consents to and waives all questions of personal jurisdiction in these Courts and consents to and waives objection to venue in these Courts.

F. All claims, controversies, disputes or actions related to this Agreement or the relationship between the parties, and any related claims, controversies, disputes or actions shall be governed, enforced and interpreted under California law.

G. NO RIGHT OR REMEDY CONFERRED ON 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 CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

H. IN ANY ARBITRATION, LITIGATION OR OTHERWISE, THE PARTIES WAIVE ANY RIGHT OR CLAIM TO PUNITIVE, EXEMPLARY, MULTIPLE, PAIN-AND-SUFFERING, MENTAL DISTRESS, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES AND AGREE THAT ONLY ACTUAL FINANCIAL LOSSES AND LIQUIDATED DAMAGES PROVIDED FOR IN THIS OR OTHER APPLICABLE AGREEMENT MAY BE RECOVERED.

I. Before, or promptly after commencing any arbitration or as applicable, litigation, a party shall cooperate in the request of another party for mediation of the dispute. Absent stipulation of the parties, or order of the tribunal on good cause, an action shall not be stayed solely to permit mediation.

31. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for a party to do or perform any act or thing, other than payment of monies by Franchisee, that party shall not be liable or responsible for delay due to strike, lockout, casualty, act of God, war, government regulation or control, where the cause is beyond the reasonable control of that party, and in any event the time

period for the performance of the obligation shall be extended for the amount of time of the delay but not more forty-five (45) days. This clause shall not apply to any obligation to pay money and shall not apply in any way that would result in the operation of this clause extending the term of this Agreement.

32. "FRANCHISEE" DEFINED AND GUARANTEE

A. As used in this Agreement, the term "Franchisee" shall include all Persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement and all partners of the entity that executes this Agreement (if the entity is a partnership), all shareholders, officers and directors of the entity that executes this Agreement (if the entity is a corporation) and all members of the entity that executes this Agreement (if the entity is a limited liability company). In exchange for Franchisor granting the franchise to and entering into this Agreement with Franchisee, each person holding an ownership interest in Franchisee must sign and deliver Franchisor's form of Guarantee and Assumption of Obligations or if the ownership interest is acquired after the date of this Agreement, must do so within ten (10) days after obtaining the interest as an owner.

B. If the party entering into this Agreement as Franchisee is married and the party's spouse is not a party to this Agreement, the concurrently with signing this Agreement, Franchisee shall cause Franchisee's spouse to execute Franchisor's form of Spousal Consent.

33. DISCLAIMER

The results of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, on the ability of Franchisee as an independent businessperson and Franchisee's active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to potential results of the business venture contemplated by this Agreement.

34. ACKNOWLEDGMENTS

A. Franchisee represents and acknowledges that Franchisee has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisee had ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

B. Franchisee acknowledges receiving a copy of this Agreement and its attachments, at least five (5) business days before the date on which this Agreement was executed. Franchisee acknowledges that Franchisee received the Franchise Disclosure Document at least fourteen (14) calendar days before the date on which this Agreement was executed or any payment was made to Franchisor or any affiliate in connection with the proposed franchise sale.

C. Franchisee has been advised to consult with Franchisee's own advisors regarding the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee either consulted with such advisors or deliberately declined to do so.

D. The covenants not to compete in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

E. Franchisee represents and warrants that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying on the truthfulness, completeness and accuracy of such information.

F. Franchisee conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in a Rivali Paint Protection Franchised Business involves business risks and that the results of the venture are primarily dependent on the business abilities and efforts of Franchisee.

Executed as of the date stated in the introductory paragraph of this Agreement.

FRANCHISEE:

RIVALI, a California corporation

Signature:_____

Signature:_____

Printed Name:_____

Printed Name:_____

Title: _____

Title: _____

Signature:_____

Printed Name:_____

Title: _____

**EXHIBIT A TO THE FRANCHISE AGREEMENT
ENTITY INFORMATION DISCLOSURE**

Entity Name: _____

Franchisee represents and warrants that the following information is accurate and complete:

(1) Franchisee is a (check as applicable):

☐ corporation ☐ limited liability company ☐ general partnership
☐ limited partnership ☐ Other (specify): _____

(2) State of incorporation/organization: _____

(3) Franchisee shall provide to Franchisor concurrently with execution of this Agreement true and accurate copies of its charter documents including Articles of incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

(4) Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

(5) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) Franchisee designates the individual named below as Franchisee's executive manager/officer ("Manager") who shall at all times have all authority to act on behalf of Franchisee, and Franchisor shall have the right to rely on any decision made or action taken by the Manager as binding on Franchisee. Franchisee agrees such designation shall remain in effect until ten (10) days after Franchisor has received written notice from Franchisee of a substitute Manager. Franchisee agrees to take all corporate or other entity action consistent with this designation.

Manager: _____.

(6) The address where Franchisee's financial records and Entity Documents are maintained _____

The Parties have executed this Exhibit A on the Effective Date.

FRANCHISEE: RIVALI, a California corporation

Signature: _____ Signature: _____

Printed Name: _____ Printed Name: _____

Title: _____ Title: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT

MAP OF DESIGNATED AREA

FRANCHISEE:

RIVALI, a California corporation

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXHIBIT C

EMPLOYEE NON-COMPETITION AND
NON-DISCLOSURE AGREEMENT

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

This NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this “Agreement”) is made this ____ day of _____, 20__ (the “Effective Date”), by and between _____ (“Franchisee”), and _____ (“Recipient”), with reference to the following facts:

A. Rivali, a California corporation (“Franchisor”), developed a “System” for the establishment and operation of Rivali Paint Protection businesses which provide high quality, customer-focused paint protection, paint correction, ceramic coatings, window tinting, powder coating vinyl wraps and other car cleaning, décor, detailing and interior and exterior car wash services. according to specified processes and procedures (“Rivali Paint Protection Business”) and use the trade name and service mark “Rivali Paint Protection” and related trademarks, service marks, logos and commercial symbols (the “Marks”).

B. The System includes, without limitation, operations and training manuals and other written directives related to the System (the “Manuals”), operating methods and business practices related to Rivali Paint Protection businesses, the relationship between Franchisor and its franchisees, interior and exterior Rivali Paint Protection business design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined service and product offerings, Franchisor-specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor’s website (collectively, “Confidential Information”), all of which may be modified by Franchisor from time to time and may be disclosed to Recipient by Franchisee.

C. Franchisor has and continues to protect the confidentiality of the Confidential Information by, among other things, (i) not revealing the confidential contents of the Confidential Information to unauthorized parties, (ii) requiring Rivali Paint Protection franchisees to acknowledge and agree in writing that the Confidential Information is confidential, (iii) requiring Rivali Paint Protection franchisees to agree in writing to maintain the confidentiality of the Confidential Information, (iv) restricting and limiting access to the Confidential Information to authorized parties, and (v) requiring its franchisees to return all Confidential Information to Franchisor on the expiration and termination of their Franchise Agreements.

D. Franchisor and Franchisee entered into a Franchise Agreement (the “Franchise Agreement”) under which Franchisor granted Franchisee the right to own and operate a Rivali Paint Protection business (the “Franchised Business”) and to use the System, the Marks, the Manuals, and the Confidential Information in the operation of the Franchised Business.

E. Franchisee is obligated under the Franchise Agreement to obtain a written agreement from each employee of Franchisee and each independent contractor engaged by Franchisee who may have access to the Confidential Information and who may be the recipient of disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement of each employee and independent contractor to not use the Confidential Information other than in the course of their employment or engagement by Franchisee and to not disclose any of the Confidential Information to any unauthorized person or entity.

THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about a paint protection, paint correction, ceramic coatings, window tinting, powder coating vinyl wraps and other car cleaning, detailing and interior and exterior car wash business. Recipient's knowledge of the Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 Confidential Information. The Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether in print, paper, electronic or other form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, customer service management and other software, data, compilations, programs, processes, business relationships, contact information for suppliers, industry professionals, and other service providers, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements, marketing and selling methods and/or plans, business plans, budgets, unpublished financial information, licenses, prices and costs, vendors, current customer and prospective customer names and addresses, pricing strategies, designs, drawings, specifications, diagrams, flowcharts, research, development, marketing techniques and materials, sales/license techniques, inventions, copyrightable material, databases, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable in the circumstances to maintain secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding disclosure, would be considered confidential. Confidential Information also includes negative confidential information consisting of information, and other matters developed and not used. Confidential Information may also include information that, although available publicly, is not publicly known to be in existence or used by Franchisor. Confidential Information does not include information that was in the lawful and unrestricted possession of Recipient prior to disclosure by Franchisee to Recipient; or that is lawfully and in good faith received by Recipient, without purpose of circumventing this Agreement, from a third party who did not derive it from Franchisor, Franchisee or Recipient.

1.3 Independent Value. The Confidential Information (i) is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Franchisee, (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee, and (iii) is the subject of efforts by Franchisor that are reasonable in the circumstances to maintain their secrecy.

2. COVENANTS OF RECIPIENT.

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 Maintain Confidentiality. Recipient shall fully and strictly maintain the confidentiality of the Confidential Information, exercise the highest degree of diligence in safeguarding the Confidential Information and not disclose or reveal the Confidential Information to any person or entity other than Franchisee or another person employed or engaged by Franchisee while an employee or independent contractor of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.2 No Reproduction or Use. Recipient shall not directly or indirectly reproduce or copy any Confidential Information and shall not use any Confidential Information for any purpose whatsoever except as required while Recipient is employed or engaged by Franchisee and then shall do so only according to the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.3 Restrictions. Recipient acknowledges and agrees Recipient may receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotion, and marketing methods and techniques of Franchisor and the System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable in the circumstances to maintain their secrecy. Recipient shall not, directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any person, or legal entity (a) divert or attempt to divert any present or prospective Rivali Paint Protection customer to any competitor, 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 and the System, and/or (b) own (beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any auto spa business that derives twenty percent (20%) or more of its revenue from auto detailing, paint protection and/or a car wash business that looks like, copies, imitates, or operates similarly to a Rivali Paint Protection Business.

2.4 Third Party Beneficiary. This Agreement is for the benefit of Franchisor. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement even though Franchisor may not have signed this Agreement.

3. GENERAL TERMS.

3.1 Injunction. Recipient acknowledges and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient agrees that if Recipient engages in any unauthorized or improper use or disclosure of any of the Confidential Information, Franchisor and Franchisee, independently, will be entitled to permanent and temporary injunctive relief from any court having jurisdiction, without notice or posting of a bond, to prevent unauthorized or improper use or disclosure of the Confidential Information, in addition to other available remedies. Due to irreparable damage that would result to Franchisor and Franchisee from violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 Heirs and Successors; Entire Agreement. This Agreement shall bind and benefit the parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the parties regarding its subject matter and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.3 No Right to Use Marks or System. This Agreement is not a license and does not grant Recipient any right to use or to license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.4 Waiver and Validity. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.5 Headings. Headings in this Agreement are for convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender includes the female and neuter genders, the singular includes the plural and vice versa.

3.6 Attorney Fees. If Franchisor becomes a party to any legal proceeding concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceeding. If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 Cumulative Remedies. Any specific right or remedy in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies stated herein or allowed or allowable by law.

3.8 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail), or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

Email: _____

With a copy to:

Rivali

Attn: _____

13469 Beach Avenue, Marina del Rey, CA 90292

Email: _____

Any notice or demand to Recipient shall be given to:

Email: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 Governing Law and Venue. This Agreement shall be interpreted and construed under the laws of California. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Business is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of California in the County of Los Angeles, and the parties all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.10 Counterparts; Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

The parties have executed this Agreement on the Effective Date.

FRANCHISEE:

RECIPIENT:

_____,

a _____

By:

Name: _____

Title: _____

EXHIBIT D
EQUIPMENT BILL OF SALE



a California corporation
1821 W. 213th Street, Ste F
Torrance, CA 90501
(424) 999-5990; www.rivali.com

INVOICE/BILL OF SALE

Franchisee Name: _____ Address: _____

Date	Item	Price
		Total Price: \$ _____

Terms of Sale and Purchase

Payment is Due: Purchase Price/Invoice Total is due and payable on delivery. Amounts not paid when due bear interest at 1.5% per month until paid.

Time Limit for Claims: Franchisee must present any claim for correction or adjustment of invoice in writing within ten (10) days after invoice date. Customer waives any claim for adjustment or correction not made in this time.

Limited Warranty: For merchandise manufactured by third parties, Rivali makes no warranty. Rivali will seek to pass on original manufacturer warranty. For merchandise manufactured by Rivali, Rivali warrants the merchandise for 30 days after delivery against defect in material and workmanship. Franchisee must provide Rivali written notice of any claim under the warranty within 35 days after delivery of merchandise for which the warranty claim is made. After 35 days the claim is deemed to be waived.

LIMITATIONS OF WARRANTY: EXCEPT AS EXPRESSLY STATED IN THESE TERMS RIVALI MAKES NO WARRANTY, EXPRESSED OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR PURPOSE, DESCRIPTION, QUALITY, OR OTHERWISE REGARDING THE GOODS SOLD. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION OF THE FACE HEREOF.

Returns: Franchisee shall not return merchandise, and Rivali has no obligation to accept return of

merchandise, without Rivali's prior written consent. Rivali is not obligated to consent to a return request.

LIABILITY LIMITATIONS: RIVALI'S LIABILITY FOR NON-CONFORMITY TO WARRANTY IS LIMITED TO RIVALI'S CHOICE OF REPAIR OR REPLACEMENT OF GOODS OR REFUND OF THE AMOUNT PAID FOR PORTION OF THE MERCHANDISE THAT DOES NOT CONFORM TO THE WARRANTY. RIVALI'S TOTAL LIABILITY TO FRANCHISEE OR ANYONE ELSE FOR ANY REASON SHALL NOT EXCEED AMOUNT PAID BY FRANCHISEE FOR THE MERCHANDISE FURNISHED BY RIVALI. RIVALI SHALL NOT BE LIABLE FOR LOST PROFITS, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR OTHER DAMAGES WHETHER CAUSED DIRECTLY OR INDIRECTLY BY LOSS, DAMAGE OR DESTRUCTION OF GOODS; DELAY OR FAILURE TO PROVIDE GOODS; DEFECTIVE GOODS; NEGLIGENCE OF RIVALI; OR ACT OF GOD, GOVERNMENT ACTION, WEATHER, DISASTER, EPIDEMIC, WAR, RIOT, LABOR STRIFE, EQUIPMENT FAILURE, TRANSPORTATION DELAY, MATERIAL SHORTAGE, OR OTHER CAUSE BEYOND RIVALI'S CONTROL.

Choice of Law: This sale is made in and governed by the law of California. In any dispute reasonable attorney fees shall be awarded to the prevailing party.

EXHIBIT E

GUARANTEE AND ASSUMPTION
OF OBLIGATIONS

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

This GUARANTEE AND ASSUMPTION OF OBLIGATIONS is made and given on _____, 202__ by the undersigned, each individually, jointly and severally:

In consideration of and as an inducement to the execution of a Franchise Agreement dated _____ (the "Agreement") by Rivali, a California corporation ("Franchisor"), each of the undersigned personally and unconditionally, jointly and severally (1) guarantees to Franchisor, its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall fully and punctually pay and perform each and every undertaking, agreement and covenant in the Agreement; and (2) shall be personally bound by and personally liable for breach of each and every provision in the Agreement, including monetary obligations and obligations to take or refrain from taking actions or to engage or refrain from engaging in activities including, without limitation, the provisions of Section 15 of the Franchise Agreement. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her direct and immediate liability under this Guarantee shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement on demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned on pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) 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 Guarantee, which shall be continuing and irrevocable during the term of the Agreement.

This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If any provision of this Guarantee would not be enforceable under the laws of California, and if the Franchised Business is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this paragraph is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles.

Each of the undersigned executed this Guarantee and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name:

Signature:

PERCENTAGE OF
OWNERSHIP

_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

EXHIBIT F
ACH PAYMENT AUTHORIZATION



ACH PAYMENT AUTHORIZATION

By filling in and signing this form you ("Franchisee") authorize Rivali ("RIVALI") periodically, to electronically debit Franchisee's account to collect royalty and marketing fees and any other amounts due from Franchisee to RIVALI pursuant to the Franchise Agreement between Franchisee and RIVALI. A receipt for each payment will be provided to you and the charge will appear on your bank statement. You agree that no prior notification will be required or provided unless there is a change to the terms of the agreement, in which case you will receive notice from RIVALI at least ten (10) days prior to the payment being collected.

Franchisee authorizes and instructs the financial institution to debit the below account for amounts specified by RIVALI from time to time. This is ongoing permission, request, authorization and instruction for debits in amounts RIVALI specifies.

I _____ authorize RIVALI to charge my bank account identified below:

My Billing Details	
My Billing Address _____	Phone # _____
City, State, Zip _____	Email _____

Bank (ACH) Information	
Account type: _____	Checking _____ Savings _____
Name on Account _____	
Bank Name _____	
Account Number _____	
Bank Routing Number _____	
Bank City/State _____	

I understand this authorization will remain in effect for the duration of the Franchise Agreement. I agree to notify RIVALI in writing of any change in my account information or termination of this authorization fourteen (14) days prior to the next billing date. If the billing date is on a weekend or holiday, I understand the payment will be executed on the next billing date.

If an ACH transaction is rejected for nonsufficient funds or other reason, I understand RIVALI may at its discretion attempt to process the charge again and charge an additional Fifty Dollars (\$50.00) processing fee. I understand failure to timely make all payments may result in default of the Franchise Agreement.

I certify that I am the authorized user of this bank account and will not dispute these transactions with my bank, so long as the transaction corresponds to the terms in this authorization form.

Signature: _____ Date signed: _____

Printed Name: _____

Title: _____

EXHIBIT G
CONSENT OF SPOUSE

CONSENT OF SPOUSE

The undersigned, being the spouse of the person whose name appears beneath the undersigned's signature below, acknowledges and confirms that a copy of that certain [Please check all that apply]:

- ☐ Franchise Agreement dated _____ by and between Rivali, a California corporation ("**Company**") and _____, a _____ (the "**Franchise Agreement**"); and/or
- ☐ Guarantee and Assumption of Obligations dated _____ by the undersigned's spouse (the "**Guarantee**"); and/or

For the purposes of this consent, the Franchise Agreement and Guarantee shall individually and collectively be referred to herein as, and deemed applicable to the documents selected above, the "**Agreement(s)**".

The undersigned acknowledges and confirms that the undersigned read and understands the Agreement(s) or voluntarily chose not to seek explanation of any provisions the undersigned does not understand. The undersigned acknowledges that the undersigned has the right and had the opportunity to seek independent legal counsel and was advised by counsel as to all the undersigned's rights, interests and obligations relating to the Agreement(s) and the transactions contemplated thereby, or voluntarily chose not to retain independent legal counsel. Being so advised by legal counsel or having voluntarily chosen not to retain legal counsel, the undersigned consents to, approves of and agrees with the execution and delivery of the Agreement(s) and the consummation of the transactions contemplated thereby by the undersigned's spouse with the understanding that the undersigned may have a beneficial interest, community property interest, quasi-community property interest or other interest in the property rights of the undersigned's spouse which are the subject of the Agreement(s).

The undersigned understands the provisions in the Agreement(s) and consents to and agrees to be bound by all of the provisions of the Agreement(s). The undersigned acknowledges that the undersigned signed this consent voluntarily and of the undersigned's own free will without relying on any promises, commitments or other inducements by the Company, the undersigned's spouse or any other person. The undersigned promises not to take any action at any time to hinder the transactions contemplated in the Agreement(s).

Dated and effective as of _____, 202__

Signature: _____

Print Name: _____

Spouse of: _____ (please print)

EXHIBIT H
CONDITIONAL LEASE ASSIGNMENT

CONDITIONAL LEASE ASSIGNMENT

This Conditional Lease Assignment is made on _____, 202____, by and between Rivali, a California corporation ("RIVALI") and _____ ("Franchisee") and _____ ("Landlord") concerning the Rivali Paint Protection Business ("Paint Protection Business") located or to be located at _____ ("Franchise Location"), with reference to the following facts:

On _____, 202____, Franchisee leased the Franchise Location from Landlord to operate the Paint Protection Business, pursuant to a lease, attached as Exhibit "A" ("Lease"). On _____, 202____, Franchisee obtained a franchise from RIVALI to operate the Paint Protection Business at the Franchise Location, pursuant to a written Franchise Agreement. If any of certain events occurs, the parties want RIVALI to have the right to accept an assignment of the lease from Franchisee, on the terms in this Agreement. Accordingly, the parties have agreed as follows:

1. Conditional Assignment. Franchisee conditionally assigns to RIVALI all of Franchisee's right, title and interest in and to the Lease. Landlord consents to this conditional assignment. This assignment shall become effective only on RIVALI's exercise of the option, granted hereby, to accept the assignment, which may be exercised any time after the occurrence of any of the following events:

a. If Franchisee breaches or defaults under any term of the Lease, unless cured within the period provided in the Lease or fourteen (14) days after written demand by RIVALI, whichever is sooner;

b. Any act that would result in termination as provided in the Franchise Agreement, applicable law, or the continuance beyond the period or periods specified in the Franchise Agreement or applicable law of any breach or default by Franchisee under the Franchise Agreement;

c. If Franchisee shall have had an option to renew or extend the Lease and shall have failed or elected not to do so within the time specified in the Lease for renewal or extension;

d. Franchisee's abandonment of or sale of Franchisee's interest in and to the Paint Protection Business operated at the Franchise Location.

e. Any other event or occurrence that would result in loss of Franchisee's right to continue to lease the premises as lessee under the Lease.

2. Notice. Landlord shall deliver to RIVALI copies of all breach or default notices that Landlord delivers to Franchisee, concurrently with delivery to Franchisee. If Franchisee fails to cure a breach or default within the period stated in the lease or notice, Landlord shall promptly give RIVALI written notice, specifying each default Franchisee failed to cure. RIVALI shall have at least thirty-five (35) days after receipt of the notice to exercise by written notice to Landlord and Franchisee its right to assume the lease.

3. Lease Default. RIVALI shall not be required to cure defaults or begin paying rent until after RIVALI exercises the option and Landlord delivers possession of the premises to RIVALI or its designee. If Landlord is unable to deliver possession of the premises to RIVALI within 3 months after the date RIVALI exercises its option, RIVALI shall have the right, at any time until

Landlord delivers possession of the premises to rescind its exercise of the option, by written notice to Landlord.

4. RIVALI Determination. RIVALI 's reasonable determination that an event in Sections 2(a) -2(e) occurred and RIVALI 's notice to Landlord and exercise of its option shall be sufficient to permit and require Landlord to assign the lease to RIVALI and shall release Landlord from any liability to Franchisee as a result of the assignment.

5. RIVALI Exercise of Option. RIVALI may exercise the option and make this assignment unconditional by delivering written notice to Franchisee and Landlord of its exercise of the option.

6. Further Assignment. RIVALI shall have the right, concurrently with or after exercising the option herein, to assign its rights under this Agreement and the Lease to a different franchisee selected by RIVALI , or affiliate, to operate the Paint Protection Business, with prior written consent of Landlord, which shall not be unreasonably withheld. That franchisee or affiliate shall obtain the assignment and assume the obligations of the Lease in place of RIVALI . On receipt by Landlord of an assumption agreement pursuant to which the franchisee or affiliate agrees to assume the lease and to perform its terms, RIVALI shall be released from all liability from and after the date of assignment, without need for written acknowledgment by Landlord. Franchisee shall not purport to assign any interest in this Agreement, or to sublet the Franchise Location, without RIVALI 's prior written consent.

7. Termination of Franchisee Rights. On RIVALI exercising the option, Franchisee shall no longer be entitled to use the Franchise Location, and all Franchisee's rights under the Lease will have been terminated and, by the terms of this Agreement, assigned to RIVALI , or RIVALI 's assignee.

8. Vacate Location. Franchisee shall immediately vacate the Franchise Location within the time permitted by the Lease or one week after delivery of the notice from RIVALI under Section 6, whichever is sooner. If Franchisee fails or refuses to do so, then in addition to all the parties' other remedies RIVALI shall have the right to enter and take possession of the Franchise Location.

9. Indemnification. Franchisee shall indemnify, defend and hold Landlord and RIVALI harmless from and against any and all loss, costs, expenses, (including attorney's fees), damages, claims and liabilities, however caused, resulting directly or indirectly from or pertaining to the exercise by RIVALI and/or Landlord of the rights and remedies granted under this Agreement.

10. Remedies. The remedies granted in this Agreement are additional to and not in substitution of other remedies available at law or in equity.

11. NO LIABILITY. BY EXECUTING THIS AGREEMENT, RIVALI DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE, UNLESS AND UNTIL RIVALI EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION AS DESCRIBED IN SECTION 6.

12. Liability. Franchisee shall remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to RIVALI or its designee.

13. Further Acts. The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purpose of this Agreement.

14. Successors. This Agreement shall bind and benefit the parties, their heirs, successors and assigns.

15. Notices. Notices, requests, demands, payments, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail; postage prepaid, addressed as follows:

To RIVALI :	To Franchisee:	To Landlord:
Rivali	_____	_____
1821 W. 213 th Street, Ste F	_____	_____
Torrance, CA 90501	_____	_____

Mailed notices shall be deemed communicated within three (3) days from time of mailing or one day after being sent by Federal Express or other receipt overnight courier service. Any party may change its address by giving notice of such change of address to the other parties.

16. Assignment. Neither this Agreement nor any rights under this Agreement may be assigned by the Franchisee without prior written consent of RIVALI . RIVALI and the Landlord have no limitations on assigning their interest granted herein. Additionally, the Lease shall not be amended, assigned, extended or renewed, without RIVALI 's prior written consent

17. Waiver. Failure by a party to enforce rights under this Agreement shall not be construed as a waiver of such rights. A waiver, including waiver of default, in any instance shall not constitute a continuing waiver or a waiver in any other instance.

18. Headings. The headings herein are for convenience only and shall not be used in construing any provisions. The provisions of this Agreement shall be interpreted according to their fair meanings and not strictly for or against any party.

19. Attorney Fees. In any dispute between any of the parties, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit.

20. Governing Law. Except as precluded by applicable law, this Agreement shall be governed by and construed in accordance with the laws of the State of California.

21. Entire Agreement. This is the parties' entire Agreement on its subject and supersedes all negotiations, agreements, representations and covenants, oral or written. This Agreement may not be amended or modified except by a written instrument signed by the party to be charged.

Signed as of the date first written above.

FRANCHISEE

Name: _____

Signature _____

Print name _____

Title: _____

LANDLORD:

Name: _____

Signature _____

Print name _____

Title: _____

FRANCHISOR:

Rivali, a California corporation

Signature _____

Print name _____

Title: _____

EXHIBIT I

TELEPHONE NUMBER ASSIGNMENT
AGREEMENT AND POWER OF ATTORNEY



PHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

The undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective on the date of termination or expiration without renewal of the Franchise Agreement described below to Rivali, on the following terms:

1. This assignment is made under the terms of the Franchise Agreement dated _____ authorizing Franchisee to do business as "Rivali Paint Protection" (the "Franchise Agreement") between Rivali ("RIVALI") and Franchisee, which in part pertains to the telephone listing and numbers Franchisee uses in operating the franchised business.

2. Franchisee retains the right to use the telephone listing and numbers for transactions and advertising under the Franchise Agreement while the Franchise Agreement remains in full force, but on termination or expiration without renewal of the Franchise Agreement, the right of use of the telephone listing and numbers terminates. In this event, Franchisee agrees to immediately stop using the listings and numbers. Franchisee will immediately sign all documents, pay all monies, provide PIN and other numbers, passwords and information and take all other action necessary to transfer the listings and numbers to RIVALI.

3. The telephone numbers and affiliated listings subject to this assignment are: _____ and all numbers Franchisee uses in the franchised business in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings. On termination or expiration without renewal of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints RIVALI as Franchisee's attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone number covered by this instrument to RIVALI or RIVALI's designees or transferees. Franchisee grants RIVALI authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that RIVALI lawfully performs in exercising those powers.

6. This power of attorney is effective for one (1) year from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

7. Franchisee intends that this power of attorney be coupled with an interest. Franchisee agrees this power of attorney is irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to RIVALI and is for consideration.

Signed on _____, 202_____
(NAME OF FRANCHISEE)

By: _____
Print Name: _____
Title: _____

EXHIBIT J

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MANUAL

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EXHIBIT K

STATE AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California, Commissioner of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking and Finance Bureau off Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Investor Protection Bureau Franchise Section 28 Liberty Street, 21 st Floor New York, New York 10005-149(212) 416-8236 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582	Director, Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

EXHIBIT L
STATE ADDENDA

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection & Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION & INNOVATION at WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

1. The following language is added to the end of Item 3 of the Disclosure Document:

“Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.”

2. The following is added to Item 6 of the Disclosure Document:

The highest interest rate allowed by law in California is 10% annually.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

“Notwithstanding any provision of the Franchise Agreement that requires you to sign a general release of claims if you renew or transfer your franchise, California Corporations Code Section 31512 voids any waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code Section 20010 voids any waiver of your rights under the Franchise Relations

Act (California Business and Professions Code Sections 20000 through 20043).

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

Any provisions of the Franchise Agreement that provide for termination upon bankruptcy may be unenforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

Any provisions of the Franchise Agreement that provide for liquidated damages may be unenforceable under California Civil Code Section 1671.

Certain provisions of the Franchise Agreement may be unenforceable if they provide for: (i) a covenant not to compete that extends beyond the termination of the franchise; (ii) a waiver of rights to punitive damages or to a trial by jury; (iii) forum selection or choice of law; or (iv) an interest rate greater than 10% per annum. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

EXHIBIT M

LIST OF CURRENT
AND
FORMER FRANCHISEES

Current Franchisees as of December 31, 2024

CALIFORNIA

Mark Masero
MJM Auto Group, LLC
13469 Beach Avenue
Marina del Rey, CA 90292
(323) 212-6436

Former Franchisees as of December 31, 2024

NONE

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. We are not currently registered to offer or sell franchises in any of these states.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	

EXHIBIT N

RECEIPTS

RECEIPT
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Rivali 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.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Rivali 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 agencies listed in Exhibit "J" above.

The name, principal business address and phone number of the franchise sellers offering this franchise are: Brett de Coster and Doug de Coster, 1821 W. 213th Street, Ste F, Torrance, CA 90501; (424) 999-5990. Any additional representative of Rivali acting as franchise seller to be identified here: _____.

This Disclosure Document is issued: April 8, 2025.

I received a disclosure document dated April 8, 2025, that included the following Exhibits:

- | | |
|---|---|
| A. Financial Statements | H. Conditional Lease Assignment |
| B. Franchise Agreement | I. Phone Number Assignment Agreement and Power of Attorney |
| C. Non-Disclosure and Confidentiality Agreement | J. Table of Contents of Operating Manual |
| D. Equipment Bill of Sale | K. State Agents for Service Of Process and State Administrators |
| E. Guarantee and Assumption of Obligations | L. State Addenda |
| F. ACH Payment Authorization | M. Current and Former Franchisees |
| G. Consent of Spouse | N. Receipts |

DATED: _____

SIGNED: _____, individually or as an officer, partner or _____
_____(a _____ corporation)
_____(a _____ partnership)
_____(a _____ limited liability company)

NAME: _____

ADDRESS: _____

PHONE: _____

Please return this Receipt to:
RIVALI, Attn: _____

1821 W. 213th Street, Suite F
Torrance, CA 90501

RECEIPT
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Rivali 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.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Rivali 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 agencies listed in Exhibit "M" above.

The name, principal business address and phone number of the franchise sellers offering this franchise are: Brett de Coster and Doug de Coster, 1821 W. 213th Street, Ste F, Torrance, CA 90501; (424) 999-5990. Any additional representative of Rivali acting as franchise seller to be identified here: _____.

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| F. ACH Payment Authorization | N. Current and Former Franchisees |
| G. Consent of Spouse | M. Receipts |

DATED: _____

SIGNED: _____, individually or as an officer, partner or _____

(a _____ corporation)
(a _____ partnership)
(a _____ limited liability company)

NAME: _____

ADDRESS: _____

PHONE: _____

Please return this Receipt to:
RIVALI, Attn: _____

1821 W. 213th Street, Suite F
Torrance, CA 90501