

FRANCHISE DISCLOSURE DOCUMENT



PRIME CAR WASH FRANCHISING LLC
An Indiana Limited Liability Company
10150 Lantern Road, Suite 110
Fishers, IN 46037
franchise@primecarwash.com
www.primewash.com

We offer and award qualified parties a franchise for the right to independently own and operate a car wash location (each, a “Car Wash”) featuring flex-service car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks (collectively, the “Approved Products and Services”). Each Car Wash is operated utilizing the proprietary marks (the “Proprietary Marks”) and the system of business operations (the “System”) that we designate from time to time and license to our franchisees under our then-current form of franchise agreement (the “Franchise Agreement”).

The total investment necessary to begin operation of a Prime Car Wash is between \$1,699,500 and \$3,500,000. This includes \$550,000 - \$1,655,000 that must be paid to us or our affiliates prior to opening.

The total investment necessary to operate multiple Car Washes under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into an area development agreement for the right to develop three (3) Car Washes is between \$1,749,500 and \$3,550,000 which includes (1) an initial development fee of \$100,000 that is paid to us, and (2) the total investment to open and commence operations of your initial Car Wash. Under the area development agreement, the initial portion of the Development Fee (the “Initial Development Fee”) is calculated as follows: (i) \$50,000 for the initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$30,000 for the second Franchised Business that you are granted the right to open under the Development Agreement; plus (iii) \$20,000 for the third and each additional Franchised Business that you are granted the right to open.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact our Franchise Administration department at Prime Car Wash Franchising LLC, Attn: Franchise Administration, 10150 Lantern Road, Suite 110, Fishers, IN 46037, or at (317) 674-8509.

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 home page at

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: April 25, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 and Exhibits H and I.
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?	Exhibit D 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 Prime Car Wash 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 franchise 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 Prime Car Wash franchisee?	Item 20 and Exhibits H and I list 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 that franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Indiana. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Indiana than in your own states.
2. **Short Operating History.** The franchisor is at an early state of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital assets and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

To simplify the language of this Disclosure Document, the Franchisor, Prime Car Wash Franchising LLC, is referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying the franchise as “franchisee,” “you” or “your.” If you are a corporation, partnership, limited liability company or other entity, the terms “franchisee,” then the terms “you” and “your” also refer to your owners.

The Franchisor

We were formed in the State of Indiana in February of 2019. Our principal business address is at 10150 Lantern Road, Suite 110, Fishers IN 46037, and our telephone number is (317) 674-8509. We only do business under our corporate name and our then-current Proprietary Marks, which includes the mark PRIME CAR WASH as of the Issue Date of this Disclosure Document.

We grant franchises for the right to independently own and operate franchised Car Washes (each, a “Franchised Business”) that offer and provide the Approved Products and Services from a location that we approve (the “Approved Location”) utilizing our then-current Proprietary Marks and the System described more fully below.

We are not the designated or approved supplier for any products or services that you are required to purchase in connection with your Franchised Business as of the Issue Date of this Disclosure Document, other than the training and other proprietary materials and services we provide as part of the initial franchise fee you pay to us as described in Item. We do reserve the right and may provide certain inventory and other products/services to our System franchisees as described more fully in Item 8.

We first began offering franchises for the right to operate a Franchised Business on March 20, 2019. We do not sell franchises in any other line of business and, except as provided in this Item, we are not otherwise engaged in any other business activity.

Our agents for service of process are listed in Exhibit A to this Disclosure Document.

Our Predecessors, Parents and Affiliates

PCW Holdings, LLC (“PCW Holdings”) is an affiliate company. PCW Holdings is an Indiana limited liability company with a principal business address at 10150 Lantern Road, Suite 110, Fishers, Indiana, 46037. PCW Holdings does not provide products or services to our franchisees and does not offer/sell franchises in any line of business. PCW Holdings currently has majority ownership of four (4) Car Washes, located in (i) Noblesville, Indiana; (ii) Carmel, Indiana; (iii) Greenwood, Indiana; and (iv) Avon, Indiana.

Our other affiliate, Prime Car Wash, LLC (“PCW”), has a principal business address at 10150 Lantern Road, Suite 110, Fishers, IN 46037. PCW has a majority ownership of our fifth and newest location in Fishers, Indiana. (this and the four locations owned by PCW Holdings, hereinafter collectively the “Corporate Car Washes”). PCW is also the owner of our Proprietary Marks, as further detailed in Item 13.

Our other affiliate, Axia Distributing LLC (“Axia”), is an Indiana limited liability company with a principal business address at 10150 Lantern Road, Suite 110, Fishers, Indiana 46037. Axia sells certain equipment to franchisees for use in connection with the Franchised Business.

Except as otherwise disclosed in this Item, we do not currently have any affiliates from which you are required to purchase any goods, services or other items in connection with your franchise. We reserve the

right to designate us or such an affiliate as an approved supplier upon notice to you as described in Item 8.

The Franchised Business

The Franchised Business will feature a flex-service car wash experience where patrons can purchase services for their cars including interior vacuum, interior window clean, dash and console wipe, wheel brite, hand applied tire shine, triple foam conditioner, rust inhibitor, sealer wax, total body protectant, towel dry, and other products and services that we authorize from time to time as part of the Approved Products and Services.

The Car Wash must be operated utilizing our then-current Proprietary Marks and System that we designate from time to time and license under our then-current form of Franchise Agreement that you must enter into to govern each and every Franchised Business we award you the right to operate. Our current form of Franchise Agreement is attached hereto as Exhibit B.

Our System is comprised of various proprietary and, in some cases, distinguishing elements such as: proprietary methodology and procedures for the establishment and operating procedures of the Franchised Business; proprietary techniques for certain of the Approved Products and Services; standards and specifications for the preparation and execution of certain Approved Products and Services; site selection guidelines and criteria, as applicable, for the Franchised Business; standards and specifications for the design, layout and construction of the interior and exterior of the Franchised Businesses; standards and specifications associated with the certain proprietary artwork, décor and trade dress of the Franchised Business, as well as the space from which refreshments can be sold; specific suppliers and providers of proprietary equipment in connection with Franchised Businesses, if and as applicable; standards and specifications for the furniture, fixtures and/or equipment located within the Franchised Business; established relationships with approved or designated suppliers for certain inventory and other supplies necessary to sell and provide the Approved Products and Services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Franchised Business. We may change, improve, further develop, or otherwise modify the System from time to time, as we deem appropriate in our discretion.

Once you have entered into a Franchise Agreement with us for your Franchised Business, we will typically designate a site selection area on your data sheet of the agreement (the “Data Sheet”) wherein you must secure a site we approve for your Franchised Business and to serve as your Approved Location (the “Site Selection Area”). You will not be permitted to operate your Franchised Business at any location other than your Approved Location, which will be identified on your data sheet once determined.

After we have determined your Approved Location, we may assign you a designated territory (“Designated Territory”), which is afforded certain territorial protections as outlined in Item 12.

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Franchised Businesses within a designated geographical area (the “Development Area”) under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the “Development Agreement”), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a “Development Schedule”).

At our option, you will be required to sign a Franchise Agreement for your initial Franchised Business at the same time you sign your Development Agreement, and you will eventually need to sign our then-current form of franchise agreement for each of the Franchised Businesses you open under the Development

Schedule.

If we grant you the right to open multiple Franchised Businesses under a Development Agreement, you must pay us a development fee that is based on the number of franchises we grant you the right to open within your Development Area (the “Development Fee”). The entire Development Fee must be paid at the time you sign your Development Agreement with us.

Market and Competition

Your Franchised Business will offer the Approved Products and Services that we authorize to the general public. The sale of these Approved Products and Services are not likely seasonal in nature, but may vary slightly during the winter months in cold-weather locations. Your Franchised Business will primarily compete with other high-quality car washes. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, your entrepreneurial and managerial abilities, and focus on customer service.

Industry-Specific Regulations

Your Franchised Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of a car wash.

You will also be subject to laws or regulations that are not specific to the car wash industry but that are applicable to businesses in general, including without limitation, zoning laws, labor laws and the Fair Labor Standards Act, workers’ compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Franchised Business. You are solely responsible for investigating and adhering to all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2. BUSINESS EXPERIENCE

Robert Hatfield: Chief Executive Officer

Mr. Hatfield has served as our Chief Executive Officer since our inception in February 2019. He has also served as the Chief Executive Officer of our affiliates, PCW Holdings and PCW since January 2018 and President of PCW Holdings and PCW since January 2012.

Chris Galloway: Chief Financial Officer

Mr. Galloway has served as our Chief Financial Officer since our inception in February 2019. He has also served as the Chief Financial Officer and Chief Operating Officer of our affiliates, PCW Holdings and PCW since January 2012.

Brian Kimberlin: Chief Operating Officer

Mr. Kimberlin has served as our Chief Operating Officer since our inception in February 2019. He has also served as the Chief Operating Officer of our parent, PCW Holdings, in Fishers, Indiana since June 2018.

Brian previously served as the Director of Quality Companies in Indianapolis, Indiana from May 2017 until June 2018 and the Manager of Carter Logistics in Anderson, Indiana from August 2013 until May 2017.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee amounting to \$50,000 in a lump sum upon execution of your Franchise Agreement (the “Initial Franchise Fee”), which is not refundable under any circumstances and deemed fully earned upon payment. We expect and intend to uniformly impose the Initial Franchise fee on our new franchisees, subject to the disclosure below.

In the event that we determine an on-site evaluation is necessary, we reserve the right to require you to reimburse us for the expenses incurred in connection with such an evaluation up to \$5,000 payable to us in a lump sum.

Development Agreement

If we grant you the right to open multiple Franchised Businesses under a Development Agreement, you must pay us a Development Fee based on the number of franchises we grant you the right to open within your Development Area.

Initial Development Fee

The Initial Development Fee is due upon execution of your Development Agreement and is calculated as follows: (i) \$50,000 for the initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$30,000 for the second Franchised Business that you are granted the right to open under the Development Agreement; plus (iii) \$20,000 for the third and each additional Franchised Business that you are granted the right to open. The Initial Development Fee is paid in a lump sum as consideration for the territorial rights you are granted within your Development Area and is not tied to any pre-opening obligations that we must otherwise perform.

Project Management Agreement

We also offer project management services in which we will oversee and manage the development of the Car Wash including site selection of the Car Wash, negotiating agreements, executing contracts, directing contractors, or approving plans or orders, for and on behalf of Principal. If you choose to engage us for these services, you will pay us a fee of \$100,000, of which half (\$50,000) is payable when you sign the Project Management Agreement and is non-refundable.

Opening Equipment

Our affiliate, Axia, is a distributor of certain tunnel and vacuum equipment and supplies you must

purchase for use in connection with the buildout of your Car Wash. We estimate that these purchases will range from approximately \$500,000 to \$1,500,000.

ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	4%	Payable weekly on Tuesdays based on the Gross Sales of your Franchised Business during the preceding business week	<p>You will be required to start paying your Royalty once your Franchised Business begins collecting revenue from operations.</p> <p>We reserve the right to collect your Royalty on a different interval (for example, monthly).</p> <p>See Note 1 below.</p>
Brand Development Fund	Then-current Fund Contribution, which may amount to up to 2% of the Gross Sales of your Franchised Business.	Payable weekly at the same time and in the same manner as the Royalty Fee	When we establish a Marketing Fund, we may require you to make a contribution to that Fund amounting to up to 2% of the Gross Sales of your Franchised Business (the “Fund Contribution”), and your obligation to contribute will commence once you have started operating your Franchised Business.
Local Advertising Requirement	Two percent (2%) of your Gross Sales, which we may increase up to three percent (3%), paid to local providers of marketing materials and/or media expenses to promote the business.	As agreed to with suppliers	All advertising materials must be approved by us prior to use/publication. We may require you to (a) provide us with monthly reports detailing your local advertising expenditures, and (b) expend all or some portion of your Local Advertising Requirement on designated activities or materials that are provided by our designated or approved supplier for these kind of services (which we refer to as an “Approved Supplier” in Item 8).

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Software Fee	Then-current fee charged by our supplier, which is currently approximately \$437.50/month.	As agreed to with supplier	<p>An annual fee of \$5,250 (which may be paid monthly) paid directly to a third-party supplier that we have approved from which you must acquire and license the software used by your point-of-sale system.</p> <p>The current Software Fee will cover the costs associated with accepting certain gift cards and/or loyalty program cards that we may develop and require you to use and/or honor in connection with your Franchised Business.</p>
Software Updates	Actual costs of updated software programs and training (if applicable).	Upon receipt of bill.	You must purchase all updates for your third-party software programs, as sent to you by the software provider(s). We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System software that we require you to purchase.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Additional / Refresher Training	Then-current training fee (our “Additional Training Fee”). Currently, \$200 per day.	Before training, assistance or refresher training begins.	<p>We will not charge a Training Fee in connection with minor, day-to-day assistance that we provide over the phone or via email, subject to our availability.</p> <p>We reserve the right to charge our then-current Training Fee in connection with any: (i) training or on-site assistance that we determine to provide at your request; (ii) any training or assistance that takes place at your Franchised Business; and (iii) any training that we require you to complete as part of the actions you must undertake to cure your default and/or breach of your Franchise Agreement (“Remedial Training”).</p> <p>You will also be responsible for any costs and expenses that you and/or your owners and other trainees associated with attending or otherwise participating in any training we require in connection with the Franchised Business, regardless of whether or not we collect any kind of training fee.</p> <p>Please see Item 11 of this Disclosure Document for additional information.</p>
Conference Attendance Fee	Then-current fee. Currently, we expect the fee to be between \$500 and \$2,500.	As incurred.	We may schedule and hold an annual conference, as we deem advisable in our sole discretion, and require that you attend such conference. You will be responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel, meals, etc.), and we reserve the right to charge you our then-current attendance/registration fee.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Renewal Fee	\$5,000	Upon signing new franchise agreement.	There are other conditions that you must meet in order for us to approve your renewal request. This amount will help defray certain costs we incur in connection with your renewal and any refresher training we might require you to complete as a condition to your renewal.
Transfer Fee	\$7,500	Prior to the time of the transfer.	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Audit Costs	Actual costs of audit.	Upon receipt of bill.	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period. See Note 4 below.
Non-Sufficient Funds Fee	\$50 fee per incident.	Immediately	Payable if a check you provide to us is returned or dishonored by the bank, or if your EFT Account does not have sufficient funds to cover amounts you owe under the Franchise Agreement as they become due and owing to us.
Late Payment Fee	\$100 per incident plus one a half percent (1.5%) interest per month of the unpaid balance, or the maximum permitted by law, whichever is higher.	When payment is past due.	Payable in addition to other payments to us and the past due amount owed.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Attorney Fees and Costs	Reimbursement of our actual fees and costs.	As incurred.	You must reimburse us for our attorneys' fees and any court costs that we are forced to incur in connection with enforcing or protecting our rights under your Franchise Agreement, including the costs associated with a collection action for amounts that are past due.
Indemnification	Actual costs of indemnification.	As incurred.	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Insurance	Will vary according to circumstance.	Upon demand.	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to you third-party insurance provider.
Management Fee	Up to 8% of the Gross Sales of the Franchised Business over the time period that we operate the Franchised Business on your behalf, plus the costs/expenses we incur in connection with taking over operations	When incurred.	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or become disabled/incapacitated/absent (and unable to perform as the "Franchisee" under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.

Explanatory Notes

General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our

affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

2. **Collection Interval.** We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution (if appropriate) and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a monthly rather than weekly basis. Regardless, you are required to provide us with a weekly Gross Sales report detailing your Gross Sales from the preceding Business Week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “Gross Sales Report”) on Monday of each week. We may also require you to use a Computer System and/or related software that provide us with automatic access to such Gross Sales Reports.
3. **Definition of Gross Sales.** “Gross Sales” means the total revenue generated by your Car Wash, including all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services offered at or through your Car Wash, as well as all proceeds from any business interruption insurance related to the non-operation of your Franchised Business. “Gross Sales” does not include (a) tips received by employees directly from customers of the Franchised Business, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (c) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services offered in connection with the Franchised Business.
4. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, than we may require you to (a) pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys), and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business.
5. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

ITEM 7. ESTIMATED INITIAL INVESTMENT

A. Single Unit

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF FEE		AMOUNT LOW	AMOUNT HIGH	MANNER OF PAYMENT	DUE DATE	TO WHOM MADE
Initial Franchise Fee ²		\$50,000	\$50,000	Lump Sum	When you sign the Franchise Agreement	Franchisor
ONLY ONE OF THESE TWO OPTIONS APPLIES	<i>LEASING OPTION</i> ³					
	Rent (5 months) and Security Deposit ³	\$50,000	\$90,000			Landlord
	and	and	and			
	Construction Period Interest and Initial Down Payment ³	\$100,000	\$180,000	As arranged	As arranged	
	or	or	or		or	
	<i>PURCHASE OPTION</i> ⁴					
	Mortgage Payment (5-7 months) and Initial Down Payment ⁴	\$125,000	\$225,000			Lender
Utility Deposits ⁵		\$500	\$25,000	As arranged	As arranged	Third Party Suppliers
Business Licenses, Permits, Architect Fees, and Professional Services ⁷		\$150,000	\$600,000	As arranged	Before opening	Third Parties
Site Evaluation ⁸		\$0	\$5,000	As arranged	When incurred	Us
Signage ⁹		\$120,000	\$200,000	As Agreed	Before Opening	Third Party Suppliers
Computer Equipment ¹⁰		\$75,000	\$90,000	As Agreed	Before Opening	Third Party Suppliers
Point of Sale Equipment ¹¹		\$100,000	\$180,000	As Agreed	Before Opening	Third Party Suppliers

TYPE OF FEE	AMOUNT LOW	AMOUNT HIGH	MANNER OF PAYMENT	DUE DATE	TO WHOM MADE
Tunnel Equipment, Vacuum Equipment and Supplies ¹²	\$900,000	\$1,500,000	As Agreed	Before Opening	Our affiliate and/or other Third Party Suppliers
Inventory ¹³	\$20,000	\$40,000	As Agreed	Before Opening	Third Party Suppliers
Insurance ¹⁴	\$4,000	\$10,000	Lump Sum	Before Opening	Insurance Carrier or Agent
Training Expenses ¹⁵	\$20,000	\$50,000	As Incurred	As Incurred	Hotels, Restaurants, Service Providers
Grand Opening Advertising ¹⁶	\$15,000	\$25,000	As Agreed	Before Opening	Third Party Suppliers
Development Services ¹⁷	\$20,000	\$55,000	As arranged	Before Opening	Approved Supplier
Project Management Services ¹⁸	\$0	\$100,000	As Arranged	If you engage us for these services, 50% upon execution and 50% upon approval of Scope of Work	Us
* Additional Funds ¹⁹	\$100,000	\$300,000	As Incurred	Before Opening and During the First 3 Months of Operation	Not Applicable
Total ²⁰	\$1,724,500 or \$1,699,500	\$3,500,000 or \$3,455,000			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Explanatory Notes

Note 1: *General.* Unless negotiated with a third-party, non-affiliated supplier, all payments disclosed in this Item are generally non-refundable.

Note 2: *Initial Franchise Fee.* The details of the Initial Franchise Fee are described in Item 5.

Note 3: *Leasing Option: Rent (5 Months) and Security Deposit; Mortgage Payment.* This estimate applies if you lease land for your Franchised Business. This estimate assumes that your Landlord will require 2-months' rent when you execute a lease (the "Lease") and that it will take you a few months after you begin renting to begin operations. Your Franchised Business must be located at a site that meets our criteria (including but not limited to being located on a main road, being located near big box retailers, etc.), and you will need a minimum of one and a half (1.5) acres. Landlords may vary the base rental rate and charge rent based on a percentage of Gross Sales. In addition to base rent, your Lease may require you to pay common area maintenance charges ("CAM Charges") for your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the Lease will vary depending on the size of the space, the types of charges that are allocated to tenants under the Lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. In addition to your rent deposit, your Landlord may require one to two months of rent as a security deposit.

The mortgage payment estimate under the Leasing Option applies is for the mortgage you will need to obtain in order to pay for the cost of constructing a building for your Franchised Business, which we estimate in total will cost between \$2,000,000 and \$3,000,000.

To date, all of our Affiliates who operate Car Washes do so on purchased land.

Note 4: *Purchase Option: Mortgage Payment (5 months) and Initial Down Payment.* This estimate applies if you purchase land for your Franchised Business, which this offering assumes you will do, as opposed to rent. Your Franchised Business must be located at a site that meets our criteria (including but not limited to being located on a main road, being located near big box retailers, etc.), and you will need a minimum of one and a half (1.5) acres.

The mortgage payment under the Purchase Option is for the mortgage you will need to obtain in order to both pay for the land, which we estimate in total will cost between \$900,000 and \$1,700,000, as well as the cost of constructing a building for your Franchised Business, which we estimate in total will cost between \$1,500,000 and \$3,000,000.

Note 5: *Utility Deposits.* You may need to provide security deposits for your utilities (such as gas, water and/or electric).

Note 6: *New Building Construction.* The cost of building will vary depending on many factors, including: (i) the size and configuration of the Approved Location; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your location. These figures are our principals' best estimate based on building rates in Indiana. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether you purchase or rent, and if you rent, whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the Approved Location. Our estimate does not include any tenant improvement allowance that you may negotiate.

Note 7: *Business Licenses, Permits, Architect Fees, and Professional Services.* This estimate includes the costs for obtaining local business licenses which can remain in effect for one year or can be one time costs. Such permits that vary widely include sewer fees, tap fees, and impact fees. This also includes design and architect fees. These costs will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction

before signing the Franchise Agreement.

This estimate also includes the architect fees and the cost to obtain construction plans for the build-out of your Approved Location according to our specifications. We reserve the right to designate and/or approve of the designer and/or architect you use.

Finally, this estimate includes the costs associated with various professionals you may need the assistance of when setting up the Franchised Business. We strongly recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering.

Note 8: *Site Evaluation.* In the event that we determine an on-site evaluation is necessary, we reserve the right to require you to reimburse us for the expenses incurred in connection with such an evaluation up to \$5,000.

Note 9: *Signage.* These amounts represent your cost for interior and exterior signage and interior graphics. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

Note 10: *Computer Equipment.* You must purchase or lease the computer system that we designate. Additional information regarding the required computer system is included in Item 11.

Note 11: *Point of Sale Equipment.* You must purchase or lease the point-of-sale system that we designate. Additional information regarding the required point of sale system is included in Item 11.

Note 12: *Tunnel Equipment, Vacuum Equipment and Supplies.* The equipment you will need includes a wash tunnel package, vacuum system, items for bays and any other equipment or items associated with the processing of cars. The furniture and fixtures you will need for your Prime Car Wash franchise include: tables and chairs, service menu boards, office furniture and office supplies and “branding” décor items. Also included in this estimate is the cost of establishing an office with computer, printer, file cabinets, safe, and assorted stationary items. You will purchase certain of these items from our affiliate, Axia. We estimate that the amount you will purchase from Axia will range from \$500,000 to \$1,500,000 of this total estimate.

Note 13: *Inventory.* These amounts represent your initial inventory of detail chemicals, paper products, refreshment, cleaning materials and supplies.

Note 14: *Insurance.* These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Franchised Business, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company’s practices and your creditworthiness.

Note 15: *Training Expenses.* We provide initial training for up to three people at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program (the “Initial Training Program”), including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. Our training program lasts for approximately 20 days at our corporate headquarters and typically around three (3) days at the Approved Location of your Franchised Business.

This estimate also includes all out-of-pocket expenses (including travel costs, if any) we incur in providing the on-site assistance at your Franchised Business that is part of the training program.

Note 16: *Grand Opening Advertising.* You must conduct a grand opening marketing campaign (the “Grand Opening Marketing Campaign”) during period starting one month prior to the start of operations and one month following. We may designate a different time period for you to conduct the Grand Opening Marketing Campaign. Your Grand Opening Marketing Campaign must include promotions, as we require, and we must approve of your Grand Opening Marketing Campaign before it is conducted. We reserve the right to collect the money for your Grand Opening Marketing Campaign and conduct the campaign for you.

Note 17: *Development Services.* This range represents your estimated cost to develop the location for your car wash which services may include coordinating build out, working with engineers, surveyors, architects and landscapers. We require you to use our then-current Approved Supplier for these services, and we reserve the right to designate ourselves as the Approved Supplier.

Note 18: *Project Management Services.* You may choose to engage us to perform project management services on your behalf in developing the Car Wash. If engaged, we will perform project management services including, without limitation, site selection of the Car Wash, negotiating agreements, executing contracts, directing contractors, or approving plans or orders on your behalf.

Note 19: *Additional Funds.* You will need capital to support ongoing expenses, such as payroll, utilities, rent, debt services, product purchases, Royalty Fees, and advertising and marketing fees, if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.

Note 20: *Total.* We relied upon our experience in operating similar Car Wash locations in Indiana and Florida when preparing these figures. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to build a Prime Car Wash franchise, your management skill, experience and business acumen; local economic conditions; the local market; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

B. Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT¹

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	MANNER OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Development Fee ²	\$100,000	\$100,000	Lump Sum	Upon execution of Development Agreement	Franchisor
Initial Investment to Open Initial Franchised Business ³	\$1,674,500 or \$1,649,500	\$3,450,000 or \$3,405,000	See Chart A of this Item 7.		
TOTALS	\$1,774,500 or \$1,749,500	\$3,550,000 or \$3,470,000	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of three (3) Franchised Businesses, as well as the costs to		

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	MANNER OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
			open and commence operating your initial Franchised Business for the first three (3) months (as described more fully in Chart A of this Item 7).		

Explanatory Notes

Note 1: *General Note.* All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three (3) Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule.

Note 2: *Initial Development Fee.* The Initial Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Initial Development Fee is for the right to open and operate a total of three (3) Franchised Businesses (provided you comply with your development obligations under the Development Agreement). If you choose to open more than three (3) Franchised Businesses, your Initial Development Fee will be calculated as follows: (i) \$50,000 for the initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$30,000 for the second Franchised Business that you are granted the right to open under the Development Agreement; plus (iii) \$20,000 for the third and each additional Franchised Business that you are granted the right to open.

Note 3: *Initial Investment to Open Initial Franchised Business.* This figure represents the total estimated initial investment required to open the initial Franchised Business you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Franchised Business you open under your Development Agreement, most likely once you have found an Approved Location for the business that we approve. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Franchised Businesses you open under the Development Agreement). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services

You may only market, offer, sell and provide the car wash packages, memberships, refreshments, and other Approved Products and Services we designate at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards, processes and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item 8.

Approved Suppliers

We have the right to require you to purchase any products, services and other items necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our Affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate. We may develop proprietary products for use in your Franchised Business, including private-label products that bear the Proprietary Marks, and we may require you to purchase these items from us or our Affiliate(s).

You must at all times maintain sufficient levels of inventory to adequately meet consumer demand. We reserve the right to designate us or any of our Affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

As of the Issue Date of this Disclosure Document, our Affiliate, Axia, is an Approved Supplier for certain tunnel and vacuum equipment and supplies that you are required to purchase in connection with the opening and operation of your Franchised Business. Except for Axia, neither we nor our Affiliates are an Approved Supplier for any items that you are required to purchase, and none of our officers own an interest in any of our Approved Suppliers as of the Issue Date of this Disclosure Document. We reserve the right to designate ourselves or an Affiliate of ours (if and when established) as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future, including for the services we provide as part of any Technology Fee we charge in the future.

We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

As of the Issue Date, we have Approved Suppliers for the following items and services: (i) the POS system hardware and software (collectively, the “POS System”); (ii) wash tunnel and detail chemical supplies; (iii) tunnel equipment; (iv) vacuum equipment, (v) architectural services, (vi) signage, (vii) general contractor/construction management, and (viii) Car Wash premises development services. We also reserve the right for us or our affiliates to purchase real estate and lease it to you or other franchisees.

You must offer products and services in the manner we prescribe, provide quality customer service, and otherwise operate your Franchised Business in a manner which will enhance the image intended by us for the System. We reserve the right to formulate and modify our standards and specifications for operating a Franchised Business based upon the collective experience of our principals. Our System standards and specifications are described in the Franchise Agreement, the Manuals, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the Franchised Business by written notice to you or through changes in the Manuals. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from us or an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases will account for approximately 85% to 95% of your total costs incurred in establishing your Franchised Business, and approximately 85% to 95% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please be advised that these percentages do not include your lease payments you make in connection with your Approved Location.

We also reserve the right to derive revenue from any of the purchases our System franchisees are required to make in connection with the Franchised Business. Neither we nor any affiliate of ours generated any revenue from our franchisees’ purchase of any Required Items in the past fiscal year ending December 31, 2023.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must reimburse us for the costs we incur in processing the request and testing the item. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier’s facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 10 business days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously-approved product, service, or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System.

We have negotiated certain purchase arrangements with our Approved Suppliers. We may establish further strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Businesses in our System. We may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliates (if and when formed) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may also negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Advertising

You must participate in all advertising and sales promotions we design to promote and enhance the collective success of all Franchised Businesses operating under the System. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by us will be final and binding upon you. We may also request that you purchase and/or make copies of (at your expense) and subsequently use certain other advertising or promotional materials that we designate for use in connection with the Franchised Business.

You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use. We may revoke our approval of any previously-approved advertising materials upon notice to you. We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by any Cooperative, including the phrase "Franchises Available" and references to our telephone number and/or website.

Approved Location and Lease

You must obtain our approval of the Approved Location for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Approved Location before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease (attached as an - to our current form of Franchise Agreement) through which your landlord grants us the unconditional right to assume and/or assign your rights and obligations under the lease in the event that you breach your lease and/or your Franchise Agreement is terminated or expires. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Approved Location.

We may have an Approved Supplier for site selection that we recommend to you. As of the Issuance Date, however, we do not have an Approved Supplier that we require you to use for site selection (but reserve the

right to do so).

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, which we may modify from time to time as we deem appropriate in our reasonable discretion. We may designate an Approved Supplier for all or certain insurance coverages you must acquire and maintain in connection with your Car Wash operations and ownership, and you must always furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required in the Franchise Agreement, which we may update and modify via the Manuals or otherwise. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance).

Computer Hardware and Software

You must lease or purchase the computer hardware and software necessary to operate the POS System you must purchase from our Approved Supplier and use in connection with your Franchised Business. You may be required to process credit cards through a supplier or vendor we may designate. You must comply with all data and customer protection laws, including the Payment Card Industry ("PCI") Data Security Standard and maintain PCI compliance throughout the term of your Franchise Agreement.

You must pay the monthly and initial fees associated with our current POS System and will be responsible for the costs of maintaining the computer hardware and software used in connection with your Franchised Business.

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers. Your Computer System must have network access through a wireless provider. We may require you to purchase any of these items from one of our Approved Suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 2, 5 and 6	Items 7, 8, and 11
b. Pre-opening purchases/leases	Sections 5 and 6	Item 8
c. Site development and other pre-opening requirements	Sections 2, 5 and 6	Items 7, 11
d. Initial and ongoing training	Sections 5 and 6	Item 11
e. Opening	Sections 5, 6 and 9	Items 5, 7, 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Sections 3, 4, 5, 6, 9 and 13(E)	Items 5, 6, 7, and 17
g. Compliance with standards and policies/Operations Manual	Sections 5, 6, 7 and 8	Items 13 and 15
h. Trademarks and proprietary information	Section 7	Items 13 and 14
i. Restrictions on products/services offered	Sections 5 and 6	Item 16
j. Warranty and customer service requirements	Section 6	Item 15
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Sections 5 and 6	Not Applicable
m. Maintenance, appearance and remodeling requirements	Section 6	Item 9
n. Insurance	Sections 6 and 11	Items 6 and 9
o. Advertising	Sections 4, 5, 6, 7 and 9	Items 6 and 9
p. Indemnification	Section 11	Item 6
q. Owner's participation/management/staffing	Section 6	Item 15
r. Records and reports	Sections 4, 6 and 10	Items 6, 16 and 17
s. Inspections and audits	Section 5, 6 and 10	Item 6
t. Transfer	Section 13	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Sections 14(B) and 16	Item 17
w. Non-competition covenants	Section 14	Item 17
x. Dispute resolution	Sections 19 and 21	Items 6 and 17

ITEM 10. FINANCING

Neither we, nor our affiliates or agents, offer direct or indirect financing to franchisees, nor do we guarantee your note, lease, or obligations.

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. Pre-Opening Obligations

Prior to the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for Franchised Business. We will also review, and subsequently approve/reject, any proposed lease or purchase agreement for each location that you propose as the Premises for the Franchised Business. (Franchise Agreement, Sections 2(B) and 5(F));

2. Once you secure a Premises that we approve for a Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in the Data Sheet attached as Exhibit A to your Franchise Agreement. (Franchise Agreement, Section 2(D));

3. We will provide you with access to, or otherwise loan you, one (1) copy of our confidential and proprietary Manuals. You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Approved Location, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit F, and is a total of approximately 283 pages. Please note, however, that certain portions of the Manuals may be provided and updated online via a System website or other portal that our System franchisees must ensure they regularly access to ensure they are receiving all such updates. You will be solely responsible for ensuring compliance with these “online” portions of the Manuals as well. (Franchise Agreement, Section 5(E));

4. We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5(E));

5. We will review and approve your signage, the proposed layout and design of your Approved Location – whether prepared by a contractor we approve or our Approved Supplier (if and when we designate one) – as well the equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Section 6(D) and 6(H));

6. Provide you with guidance and/or directives in connection with how to expend the required funds associated with the promotion and advertisement of the grand opening of your Franchised Business. (Franchise Agreement, Section 5(G)); and

7. We will provide you and the two (2) additional individuals you designate with the portion of our Initial Training Program that we currently conduct at our corporate headquarters and Corporate Car Wash in Fishers, Indiana. Training is conducted as needed but not less than quarterly. You may also have additional personnel attend the Initial Training Program at your expense.

- a. We estimate this portion of the Initial Training Program will typically take approximately four (4) weeks to complete. We reserve the right to designate an alternative location to conduct this portion of the Initial Training Program, as well as any other corporate training, upon notice.
- b. We may permit or require that you, and the individuals you designate to attend the Initial Training Program, respectively, attend all or certain components of the Initial Training Program that are designed to cover the areas of instruction that are more specific to the roles and corresponding responsibilities you have identified for these individuals.
- c. If you have appointed a manager to run the day-to-day operations of the Franchised Business (the “Designated Manager”), then this Designated Manager must also attend and complete the Initial Training Program. (Franchise Agreement, Sections 5(A) and 6(N)).
- d. You are also solely responsible for all costs and expenses you (and all other attendees) incur in connection with attending our Initial Training Program, which may include travel, lodging, meals and employee wages.
- e. Training occurs approximately two (2) to three (3) months prior to the scheduled opening. Instructional materials, including components of the Manuals, will be provided to you and used as necessary as you proceed through the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. We may, as we deem appropriate in our sole discretion, provide certain portions of your Initial Training Program via the Internet or webinar. Our training supervisor and his years of experience within the industry and years with our System are listed below. Our training managers may utilize other employees to assist them with all aspects of training.
- f. We require that you and the other required trainees above complete the Initial Training Program and other pre-opening training no later than ten (10) days before you intend to open your Car Wash. Failure to complete the Initial Training Program to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Franchise Agreement, Sections 5(A) and 6(N)).
- g. A summary of the training program is listed on the following page.

*THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.
OUR TRAINING CHART AND REMAINDER OF ITEM 11 ARE SET FORTH STARTING ON THE
FOLLOWING PAGE*

TRAINING PROGRAM

Corporate 3-Week Training Program

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction	7		Prime Corporate Office, IN
360, 180 and Loader Training		7	A Prime Car Wash Location
DDC, LSD, Goalie and Quality Control Training		7	A Prime Car Wash Location
Detail Training		7	A Prime Car Wash Location
Greeter Training, Procedure and PTT Machine		7	A Prime Car Wash Location
Membership Host and Inside Sales Training		7	A Prime Car Wash Location
Production Manager Training		40	A Prime Car Wash Location
General Manager Training		40	A Prime Car Wash Location
Tunnel and Equipment Room Training		20	A Prime Car Wash Location
Facility and Maintenance Training		20	A Prime Car Wash Location
Site Evaluation Training		4	Multiple Locations
Prime Franchise Graduation	1		Prime Corporate Office, IN
TOTALS	8	159	

On-Site Training Program

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
POS set up and training		7	At your location
Tunnel Equipment start up and general operations		4	At your location
Car processing support during soft-opening and/or grand opening		14	At your location
TOTALS		25	

Explanatory Notes

1. We may provide portions of the “Classroom Training” instruction via webinar or other online learning management system that allows us to track your participation, completion and, if appropriate, passing of any testing we determine appropriate for use in connection with our initial training.
2. As of the Issue Date, we expect and intend to have our initial training supervised by: Bobby Hatfield, who has seven (7) years of experience with Prime Car Wash; Chris Galloway, who also has seven (7) years of experience with Prime Car Wash; and Brian Kimberlin, who has one (1) year experience with Prime Car Wash. We will loan you one (1) copy of our proprietary instructional materials prior to or upon your attendance at our Initial Training Program, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our Initial Training Program, will be required to train all other personnel that works at your Franchised Business. (Franchise Agreement, Sections 6(N) and 6(O)).
3. If you, your Designated Manager (if applicable) or other trainee you designate fails to complete the Initial Training Program to our satisfaction, that person may re-attend or you may send a replacement to our next available Initial Training Program session, provided there is availability. We may charge our then-current Training Fee for these individuals to re-attend the Initial Training Program as well. In any event, you are solely responsible for all expenses incurred related to your and your employee’s attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages. (Franchise Agreement, Section 5(A) and 6(N)).

B. Site Selection

Site Selection Area

As previously discussed in Item 1 of this Disclosure Document, we will typically designate a Site Selection Area wherein you must locate your new Franchised Business at the time you enter into a single Franchise Agreement with us, unless you have already secured an Approved Location at that time.

Site Selection Assistance and Conditions to Approval Generally

We may periodically may provide direct site selection assistance as we deem appropriate in our discretion, but it is your obligation to locate, submit for our approval, and secure (once approved) a site that is suitable for the Car Wash. Failure to do so in a timely manner may result in you failing to open a given Franchised Business within the time required under your Franchise Agreement.

You must secure a site for each Car Wash so that you have enough time to construct, build-out, open and commence operations of that Car Wash within six (6) months of the date you sign your Franchise Agreement.

We must approve your Car Wash's proposed site (consistent with the priority and procedure disclosures set forth above in this Item) before you take steps to secure it. In deciding whether to approve or disapprove your proposed site, we will take various factors into account, including location and condition of the Car Wash's proposed location, customer traffic patterns, demographics, geography, Car Wash size, surrounding area, and lease requirements. You may not move forward with a site that we have not approved or have disapproved. (Franchise Agreement, Sections 6(A) and (D)). We always have the right to reject a proposed site if it is located within a Designated Territory or other area wherein we have granted territorial rights.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed site before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) an agreement by you and the landlord of the Approved Location to enter into our prescribed form of Collateral Assignment of Lease; and (ii) receiving a written representation from the landlord of the Approved Location that you will have the right to operate the Franchised Business, including offering and selling the Approved Products and Services, throughout the term of your Franchise Agreement. Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the lease for the Approved Location (the "Lease") for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and fail to timely cure that default (if such cure is available). (Franchise Agreement, Sections 5(F) and 6(A); Exhibit C to Franchise Agreement).

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation.

If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business. (Franchise Agreement, Section 5(F)). Your failure to secure an Approved Location within the prescribed deadline described above will be grounds for termination of your Franchise

Agreement. (Franchise Agreement, Sections 6(A) and 15(B)).

C. Time to Open

Single Unit

Except as provided in this Item, you must open and commence operations of your Franchised Business within eighteen (18) months of the date you execute your Franchise Agreement for that Franchised Business. We estimate that it will take between twelve (12) and fifteen (15) months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Approved Location, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Franchised Business within this eighteen (18) month period, then we may terminate your Franchise Agreement, unless we agree to extend your opening deadline in a writing signed by both parties (Franchise Agreement, Sections 6(A) and 6(D)).

Development Agreement

If you have entered into a Development Agreement to open and operate multiple Franchised Businesses, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Franchised Businesses open and operating. Your Development Schedule may depend on the number of Franchised Businesses you are granted the right to open and operate. (Development Agreement, Section 4).

If you fail to open any Franchised Business within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. You will not have any further development rights within the Development Area upon termination of your Development Agreement, except to continue operating the Franchised Business(es) that were already open and operating as of the termination date. We must approve of the Approved Location you choose for each Franchised Business you are required to open under the Development Agreement.

D. Post-Opening Obligations

After the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may offer, and require you and, if appointed, your Designated Manager, to attend, additional training programs and/or refresher courses, as we deem necessary in our sole discretion (“Additional Training”). We will not charge you our then-current Training Fee for any Additional Training that we require you and/or your management to attend, but we reserve the right to charge this Training Fee in connection with: (a) any kind of additional or supplemental training or on-site assistance that we provide at your request (but not typical interactions such as routine remote assistance, scheduled calls and meetings); and/or (b) any training that your or your management is required to attend or otherwise participate in, regardless of where located, as part of the curative actions that you (as the Franchisee) must undertake in order to cure a default or breach of your Franchise Agreement. You will also be solely responsible for all expenses that you and your trainees incur with the training described in this Section. (Franchise Agreement, Section 5(D));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication, Skype or any other communication channel, as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement, Section 5(H));

3. We may also provide you with additional on-site assistance, subject to the availability of our field representatives and, upon our request, payment of our then-current Training Fee. (Franchise Agreement, Section 5(H));

4. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement, Section 5(I));

5. We may also, as we deem necessary in our discretion, provide you with seasonal signage and marketing templates or materials that you will be required to use in connection with your Franchised Business. (Franchise Agreement, Sections 6(M));

6. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 6(K));

7. We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any franchise conference, as well as paying our then-current attendance and registration fee. (Franchise Agreement, Section 5(Q));

8. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote the brand, the Proprietary Marks and other Car Wash locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading “Advertising and Marketing” for further information. (Franchise Agreement, Sections 5(J) and 9(G));

9. We may administer and maintain a Brand Development Fund to promote the Proprietary Marks, System and brand generally, as we deem necessary in our sole discretion. (Franchise Agreement, Sections 5(M) and 9(E));

10. We may, as we deem appropriate in our discretion, establish and maintain a shared drive, website portal or other online access points (each, a “System Site”) that will be accessible by franchisees, which may be used for purposes of (a) providing updates, supplements and supplemental information that will constitute part of one (1) or more Manual, (b) providing webinars and other training, including portions of our Initial Training Program, (c) providing advertising templates or other marketing/promotional materials, as well as information related thereto, and (d) otherwise communicate with our franchisees regarding the brand, System and/or specific operational/promotional aspects of a Franchised Business (Franchise Agreement, Section 5(E));

11. We may conduct, as we deem advisable in our sole discretion, inspections of the Premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of your Franchised Business, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement, Section 5(L));

12. We may supplement, revise or otherwise modify the Manuals and/or the any System Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and any System Site (Franchise Agreement, Section 2(G));

13. We may: (i) research new cleaning products and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; (ii) create and develop additional products and services to be offered or provided as Approved Products and Services at the Car Wash, including proprietary products and services that may be sold under the trademarks we designate; and (iii) provide pricing guidance if allowed under applicable law (Franchise Agreement, Section 6(F)); and

14. We may provide you with guidance and consultation relating to the Grand Opening Advertising Campaign, the components of which may include online, social media and email marketing, direct mail advertising, newspaper advertising, radio advertising, promotional events, promotions, public relations events, use of discount coupons or any other activities we determine will contribute to generating business at your Car Wash. (Franchise Agreement, Section 5(G)).

E. Advertising and Marketing

All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as part of the System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9(A)). You will be required to purchase and display any seasonal signage in certain parts of your Franchised Business that have high visibility for purposes of notifying customers and prospective customers of seasonal specials/promotions regarding our Approved Products and Services. (Franchise Agreement, Section 6(M)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding twelve (12) months, then you must submit the materials you wish to use to us for our prior written approval at least thirty (30) days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within thirty (30) days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously-approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

Local Advertising Requirement. Recognizing the importance of promoting your Franchised Business within your Designated Territory and surrounding area, you must currently expend at least 2% of the Gross Sales of the Franchised Business per month on the advertisement, marketing and promotion of your Franchised Business within your Designated Territory or as we otherwise permit in writing (the “Local Advertising Requirement”). We have the right to increase the Local Advertising Requirement to an amount equal to up to 3% of the Gross Sales of your Franchised Business. You must use only those materials that we have previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditure each month. (Franchise Agreement, Section 9(D)).

Grand Opening Advertising Campaign. You must: (i) conduct an initial marketing, advertising and promotional program around the contemplated opening of your Franchised Business, which we must approve before it is implemented; and (ii) expend a minimum of \$15,000 as your Grand Opening Advertising Spend that will be expended to, in part, implement an approved Grand Opening Advertising Campaign. These amounts will typically be expended over the 30 days preceding the contemplated opening of the Franchised Business through the three (3) months following your opening. We may require that you expend any portion of your Grand Opening Advertising Spend on marketing, advertising and/or public relations services from our Approved Suppliers.

Brand Development Fund. We reserve the right to establish a national brand development fund to promote and to contribute to this Fund at the same time and same manner that we collect your Royalty Fee in an amount up to 3% of the Gross Sales of your Franchised Business during the preceding Business Week. As of the Issue Date, we collect a Fund Contribution amounting to 2% of your Gross Sales.

We will administer and use the Fund to meet certain costs related to (a) maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials (via both traditional and digital methods) including but not limited to graphic design, content creation and video creation, (b) the salaries and/or other compensation paid to our internal staff for their work performed in connection with the Fund or to any third-party advertising, marketing or public relations agency for services to provide any products or services associated with the Fund, (c) mystery shopping and/or other quality control and quality assurance activities or measures, (d) training tools for franchisees to use in connection with the operation of their respective Franchised Business(es), (e) other technology that we determine appropriate to develop and/or utilize to use as part of the System, and/or (f) any other activities that we believe will enhance the image of the System and/or brand generally. We will designate all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing. (Franchise Agreement, Section 9(E)).

We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting

for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises, but we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the Fund. We will prepare an unaudited, annual statement of Marketing Fund collections and costs and give it to you upon written request. We may incorporate the Marketing Fund or operate it through a separate entity if we deem appropriate. Our corporate Car Washes and any future company/affiliate-owned locations may, but are not obligated to, contribute to the Fund in the same manner that each franchised Car Wash is required to contribute.

We are not required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement, and we will provide you with an accounting of the Fund within one hundred twenty (120) days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion. (Franchise Agreement, Section 9(E)).

We did not collect any Fund Contributions and therefore have no breakdown of how those funds were expended in our past fiscal year ending December 31, 2023.

Advertising Council. We have not currently established an advertising council (the "Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement, Section 9(F)).

Regional Advertising Cooperatives ("Cooperatives"). We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two or more Car Washes (whether a Franchised Business or Affiliate-owned) (each a "Cooperative"). If we assign your Franchised Business to a Cooperative we establish, you must work with the other Car Wash owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Car Washes within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. We will have the right to establish, modify, merge and dissolve Cooperative as we deem appropriate. Any amounts you expend on Cooperatives will be credited towards your Local Advertising Requirement. (Franchise Agreement, Section 9(H)). Our corporate Car Washes and any future company/affiliate-owned locations may, but are not obligated to, contribute to the Fund in the same manner that each franchised Car Wash is required to contribute. Cooperative will not be required to prepare annual or period financial statements, but members of the Cooperative may vote to have such financial statements prepared at their expense. If a Cooperative is formed, governing documents will be available for the franchisee's review.

F. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including without limitation: (i) a

desktop computer that meets our System specifications in the manager's office; (ii) 2 POS System terminals/cash drawers/thermal printers in the customer lounge that are capable of running the POS software we designate; (iii) 3 hand-held POS terminals that are capable of running the POS software we designate for employees to greet customers with; and (iv) other peripheral hardware/devices; and (v) equipment necessary to maintain a physical, electronic or other security system for the Franchised Business that we designate; and (vi) the Required Software and related licenses (collectively, the "Computer System"). (Franchise Agreement, Sections 4(C) and 6(L)).

We must approve of all of the foregoing hardware before it is used in connection with your Franchised Business, and none of the foregoing hardware may be used for any other purpose other than operating your Franchised Business. (Franchise Agreement, Sections 4(C) and 6(G)).

If you already have computer hardware and/or software that meet our then-current standards for a Computer System and/or Required Software, then you may use these items in connection with your Franchised Business provided you obtain our approval. Otherwise, we estimate the costs to purchase our current Computer System to be between \$75,000 and \$90,000, including any setup fees associated with the Required Software. Once you have acquired the Computer System, you will be responsible for any license fees associated with our then-current Required Software. As of the Issue Date, you must pay our third-party Approved Supplier(s) an annual license fee amounting to approximately \$5,250 for the POS System software, which can be paid on a monthly basis.

You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing. You may be required to enter into licenses and agreements with us or with designated or approved third party vendors for technical support, warranty service, or collateral software licenses.

You must have the components necessary to ensure that the entire Approved Location has access to the Internet via Wi-Fi connection. We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System and/or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System and/or software. (Franchise Agreement, Sections 4(C) and 6(G)).

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, Section 5(J)).

G. Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, SnapChat, Pinterest, Twitter, YouTube or any other social media and/or networking

site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 9(G)).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “Website”), including the contact information of your Franchised Business. We agree to establish an interior page on our corporate website to display the Approved Location and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) the Franchise Agreement governing that Franchised Business is not subject to termination. (Franchise Agreement, Section 5(J)). We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our affiliate) are the sole registrant of the Internet domain name www.primecarwash.com, as well as any other Internet domain names that we or our Affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

ITEM 12. TERRITORY

Franchise Agreement

Your franchised Car Wash is to be located at a location to be approved by us. Once we approve your location, a “Designated Territory” will be granted to you. We will not establish or license another franchisee to establish a Car Wash within your "Designated Territory, during the term of your Franchise Agreement.

We will describe your Designated Territory in your Franchise Agreement when we approve your site for the Car Wash. We will determine the size and boundaries of your Designated Territory in our discretion, based upon factors including geographic area, population density, character of neighborhood, location and number of competing business in the surrounding area, and other factors. While there is no minimum territory size and the exact size of each territory varies based on the applicable factors, a typical territory will cover an area that consists of approximately a 5-mile radius surrounding your Car Wash.

Regardless, the size of your Designated Territory will likely vary from other System franchisees based on the location and demographics surrounding your Approved Location.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. Should we determine to modify our territory mapping to be based on population, the sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

If your Franchise Agreement is terminated, you will lose your rights within the Designated Territory granted under that agreement. With that said, the territorial rights granted within your Designated Territory under

a Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, or any other contingency and cannot be altered.

The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. The factors that we consider in determining the size of your Designated Territory include current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Car Washes, our future development and other market conditions.

Your Designated Territory is protected only to the extent that no one may locate a Car Wash utilizing the Trademark and System from a traditional location within the boundaries of your Designated Territory. You will not otherwise 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.

Development Agreement: Development Area

If you are granted the right to open multiple Franchised Businesses under our form of Development Agreement, then we will provide you with a Development Area upon execution of this agreement. The size of your Development Area will substantially vary from other System developers based on: (i) the number of Franchised Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet.

Each Franchised Business you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct Approved Location located within the Development Area; and (ii) within its own Designated Territory that we will define once the Approved Location for that Franchised Business has been approved.

We will not own or operate, or license a third party the right to own or operate, a Car Wash utilizing the Proprietary Marks and System within the Development Area until the earlier of: (i) the date we define the Designated Territory of the final Franchised Business you were granted the right to operate under the Development Agreement; or (ii) the expiration or termination of the Development Agreement for any reason. Your Development Area will be exclusive during this time period.

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will terminate, except that each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under the Franchise Agreement(s) you entered into for those Franchised Business(es).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Relocation of a Car Wash

You may not relocate and/or operate your Car Wash from any location other than the Approved Location without our prior written approval. Should you relocate the Car Wash without such permission, the new location will be treated as an entirely new franchise sale subject to new initial franchise fees as provided in the Franchise Agreement and to such other provisions as would apply to a new franchise sale. If your landlord terminates your right to possession of your Approved Location before the term of your Franchise Agreement expires, then you and we must determine a new location within 60 days.

Permitted and Restricted Sales and Advertising Activities

All Car Washes may sell their products and services to any customer that visits the Car Wash location, regardless of whether that customer resides within the Designated Territory granted in connection with that Car Wash.

Each Car Wash, however, is to be operated solely as a car wash business, and you agree not to: (i) offer or sell any items through any alternative channels of distribution, including e-commerce, telemarketing, mail order catalogs, computer and/or Internet marketing or any other system (in other words, in any fashion other than selling to the patrons visiting your Car Wash, unless we authorize a specific off-site event that your Car Wash may service); or (ii) to sell any product at a lower price to persons who do not use your car wash service than you charge at the time in connection with regular car wash customers (to the extent this is enforceable under applicable laws).

You may not sell any products or services through group buying services such as Groupon or Living Social or otherwise offer discounts or coupons without our approval.

Reserved Rights

We and our affiliates (if and when formed) reserve the right to: (i) open and operate, or license third parties the right to open and operate, Car Washes or other locations utilizing the Proprietary Marks and System at any location outside of your Designated Territory; (ii) market, offer and sell products or services that are similar to the products and services offered and sold by a Car Wash under a primary mark that is different than the Proprietary Marks, regardless of location; (iii) offer and provide the Approved Products and Services in any alternative channel of distribution, within or outside the Designated Territory (including the Internet and other e-commerce channels, etc. as applicable); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by the Car Wash (but under different marks), within or outside your Designated Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement.

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders inside your Designated Territory.

Other Relevant Disclosures


Except as described in Item 1 of this Disclosure Document, neither we nor our affiliates sell similar goods or services to the Approved Products and Services offered by Franchised Businesses under our Proprietary Marks or a different mark or brand, but we reserve the right to do so as described in this Item.

Nothing in your Franchise Agreement or the Development Agreement provides you with any right or option to open and operate additional Franchised Businesses. Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement. The Franchise Agreement does not grant you any option, right of first refusal, or similar rights to acquire additional franchises within the Designated Territory or otherwise.

You may purchase additional franchises from us on our then-current terms, provided you meet our then-current criteria for a new franchisee and/or multi-unit owner and we otherwise determine it is appropriate to award you such additional franchises. Besides the rights listed here, you have no other rights of first refusal or option rights on additional territory.

ITEM 13. TRADEMARKS

We will grant you a limited, non-exclusive license to our then-current Proprietary Marks in connection with the operation of your Franchised Business only at your Approved Location and within your Designated Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement(s) and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you execute. As of the Issue Date, the current Proprietary Mark(s) are:

TRADEMARK	REGISTRATION NO.	REGISTRATION DATE
	4260981	December 18, 2012

Our affiliate, Prime Car Wash, LLC, has registered this Proprietary Mark on the Principal Register of the U.S. Patent and Trademark Office (the “USPTO”), and licenses it to us under a Master License Agreement.

All required affidavits have been filed with the USPTO for the Proprietary Mark above as and when they became due. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of this state or court of any state regarding any of our Proprietary Mark. Presently, there are no agreements in effect that significantly limit our rights to use or license the use of the Proprietary Mark listed in this Item in a manner material to the franchise. We are not aware of any infringing use of our primary Proprietary Mark that could materially affect your use of them.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary

Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We are the lawful and sole owner of the domain name www.primecarwash.com. You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Proprietary Marks. You may access our website through your assigned Car Wash web page. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Car Wash and only at the Franchisee Location or in advertising for the Car Wash. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name containing one or more of the Proprietary Marks we designate. You must promptly register at the office of the county in which your Car Wash is located, or such other public office as provided for by the laws of the state in which your Car Wash is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Car Wash (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Car Wash premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have no registered patents or copyrights, nor are there any pending patent or copyright applications that are material to the franchise.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets including our proprietary supplies, operating systems, other standards and specification for providing the Approved Products and Services, price marketing mixes related to products and services offered under the System, supplier networks, and other methods, techniques, and know-how concerning the operation of the Car Wash (“Confidential Information”) you will acquire in your capacity as our franchisee. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Car Wash, including variations on proprietary cleaning methods, you must promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that such provisions of the Franchise Agreement and/or Development Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

While we recommend that you personally participate and manage the day-to-day operations of your Franchised Business, you may hire a Designated Manager to manage daily operations with our approval.

Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has completed our Initial Training Program and otherwise demonstrated that he/she has a good handle on our System standards and specifications for daily operations of a Car Wash. If the franchisee is a business entity, we do not require the Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement.

Even if you appoint a Designated Manager, you must still have a principal/owner that serves as our primary contact and that will be responsible for all operations in the event the Designated Manager is not present at the Approved Location and/or otherwise not actively handling Car Wash operations on a day-to-day basis.

Your Franchised Business must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Franchised Business, you must have a properly trained Designated Manager at each Car Wash you own and operate. You must keep us informed at all times of the identity of any personnel acting as Designated Manager, and obtain our approval before substituting a new Designated Manager at any of your locations.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel at your Franchised Business. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

If you are an individual, then your spouse will also be required to sign the Franchise Agreement or, in the alternative, form of Personal Guaranty attached to the Franchise Agreement as an Exhibit (the "Guaranty"). If you are a business entity (limited liability company, corporation, partnership, etc.), then (a) each of your shareholders/members/partners (the "Owners"), as applicable, must sign the Guaranty, and (b) at our option, the spouses of each such Owner must sign the Guaranty.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell, only and all those Approved Products and Approved Services and deal only with those suppliers that we authorize or require, and have authorized (See Item 8). Principally, this means you must purchase the amount and type of equipment for use in connection with the provision of the Approved Services and offer only those car cleaning services that we authorize. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement.

We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the location of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We reserve the right to change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we require from time to time. You will not make any material

alterations to your Car Wash or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other franchised businesses or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

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

THE FRANCHISE RELATIONSHIP

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

A. Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Section 3	The initial term is for ten (10) years commencing on the date we execute your Franchise Agreement.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for two (2) additional (and successive) five (5) year renewal terms.
c.	Requirements for franchisee to renew or extend	Section 3	In order to renew (which means renewing your franchise relationship with us), you must: not have any uncured material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us or the landlord of the Approved Location; not have received three (3) or more separate, written notices of material default from Franchisor with respect to this Agreement in the 24-month period preceding the renewal request date or renewal date, or two (2) or more such notices within the 12-month period preceding the renewal request date or renewal date; be in good financial standing; have continued right of possession to the Approved Location; complete required renovation and modernization of your Franchised Business; pay us our then-current Renewal Fee; execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); complete our then-current refresher training course and pay the appropriate training fee; and execute a general release in our favor (as well as related parties).
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with “cause”	Section 15	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined – curable defaults	Section 15(B)	You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the

	Provision	Section in Franchise Agreement	Summary
		Section 15(C)	<p>following defaults: failure to purchase any Required Item; failure to purchase from our Approved Suppliers; any purchase of a non-approved item or offering of a product/service at the Franchised Business that we have not authorized; failure to pay us, our Affiliates, or our Approved Suppliers any amount due, and failure to obtain any necessary permit/certificate/approval to operate the Franchised Business.</p> <p>If you receive notice that you have failed to provide us with access to your POS system, you must cure such a default within 3 days.</p> <p>If you receive notice that you are not in compliance with any law or regulation applicable to the operation of the Franchised Business, you must cure such a default within 15 days.</p> <p>Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).</p>
h.	“Cause” defined - defaults which cannot be cured	Section 15(A) Section 15(B)	<p>Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition is filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of \$10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement.</p> <p>Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: you commit and fraud or misrepresentation in connection with your Franchised Business; you or other required attendees fail to timely complete our Initial Training Program; you receive three (3) or more notices to cure defaults under Section 15(C) of your Franchise Agreement in any 24-month period, or you receive two (2) or more such notices in any 12-month period (whether or not subsequently cured); you violate any in-term restrictive covenants; you misuse the Proprietary Marks, Proprietary Information or other confidential information provided to you; misuse an proprietary software that might be developed; you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; you default under your lease for the Premises and fail to timely cure; you fail to secure a Premises or open and commence operations within the required time period; you abandon your Franchised Business; you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; you take any property of the Franchised Business for personal use; there</p>

	Provision	Section in Franchise Agreement	Summary
			are insufficient funds in your EFT Account on three (3) or more occasions in any 12-month period; or if you commit repeated violations of any applicable law.
i.	Franchisee’s obligations on termination/non-renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; return of the Manuals of any other Proprietary Information to us; provide us with all customer information, lists and applicable contracts; cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; comply with all post-term restrictive covenants; at our written option, assign the lease for the Approved Location to us; pay us all outstanding amounts; comply with our option to purchase the business, if we so choose; and provide us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13(G)	No restrictions on our right to assign.
k.	“Transfer” by franchisee – defined	Sections 13(A) and 13(C)	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you.
l.	Franchisor approval of transfer by franchisee	Section 13(A)	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 13(E) Section 13(F)	We have the right to impose the following conditions on any transfer by you: all of your obligations under the Franchise Agreement have been satisfied; you cure all existing defaults; the new franchisee must meet our then-current qualifications and criteria for a new franchisee; transferee must assume all of your obligations under the Franchise Agreement; transferee must complete our training program; transferee must execute our then-current form of franchise agreement; transferee must pay our Transfer Fee and successfully complete our Initial Training Program (and pay the applicable training fee); you or transferee must pay our then-current Transfer Fee; you or transferee must provide us a copy of the executed purchase agreement relating to the proposed transfer; and you must execute a general release in our favor (as well as related parties). You will not be required to pay any transfer fee in the event: (i) you wish to transfer your rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by you and established solely for purposes of operating the Franchised Business under that Franchise Agreement; or (ii) you are required to encumber certain assets of the Franchised Business (or subordinate Franchisor’s security interest with respect to the Franchised Business) in order to receive SBA or other traditional bank financing, provided we otherwise

	Provision	Section in Franchise Agreement	Summary
			approve of the transfer.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13(D)	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party bona fide offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16(H)	We have the right, but not the obligations, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at book value.
p.	Death or disability of franchisee	Section 13(B)	<p>You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and pays the appropriate tuition fee.</p> <p>During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.</p>
q.	Non-competition covenants during the term of the franchise	Section 14(A)	Neither you, your principals, guarantors, owners or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners or Designated Managers, may: (i) own, operate, or otherwise be involved with, a Competing Business (as defined in the Franchise Agreement); or (ii) divert, or attempt to divert, any prospective customer to a Competing Business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 14(B)(1) Section 14(B)(2)	<p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, managers, nor any immediate family member of you, your principals, guarantors, owners, and/or managers, may own, operate or otherwise be involved with any business that is involved in the licensing or franchising of Competing Businesses at any location within the United States where we can demonstrate we have offered this franchise offering.</p> <p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, managers, nor any immediate family member of you, your principals, guarantors, owners, managers, may own, operate or otherwise be involved with a Competing Business within a 20 mile radius of: (i) the perimeter of your Designated Territory; (ii) any other Car Wash location that exists or is under development as of the date your Franchise Agreement is terminated, expires or is transferred; or (iii) any other Development Area granted by Franchisor to open Car Washes</p>

	Provision	Section in Franchise Agreement	Summary
			<p>under the Proprietary Marks as of the date this Agreement expires or is terminated.</p> <p>During this two (2) year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; or (ii) contacting any of our suppliers/vendors for a competitive business purpose.</p>
s.	Modification of the agreement	Section 18(D)	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Sections 18 and 22	<p>Should any provision of this Agreement for any reason be held invalid, the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes. Franchisor shall have the right in its sole discretion to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent.</p> <p>Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.</p>
u.	Dispute resolution by arbitration or mediation	<p>Section 21(B)</p> <p>Section 21(C)</p>	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place in Fishers, Indiana at a location of Franchisor's choice. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v.	Choice of forum	Sections 21(D) and 21(E)	<p>State or, if applicable, federal court encompassing or closest to Fishers, Indiana or our then-current headquarters</p> <p>(subject to state law)</p>
w.	Choice of law	Section 21(A)	Indiana law, except federal Lanham Act (subject to state law)

B. Development Agreement

	Provision	Section in Development Agreement	Summary
a.	Term of the Franchise	Section 6.1, Exhibit A	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule or (b) the day that the final Franchised Business is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with “cause”	Section 6.2	We may terminate your Development Agreement with cause.
g.	“Cause” defined – curable defaults	Section 6.2	You will be provided notice and 30 days to cure any default caused by your failure to meet your development obligations under the Development Schedule for any single Development Period.
h.	“Cause” defined - defaults which cannot be cured	Section 6.2	Your Development Agreement can be terminated by us, without an opportunity to cure, if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; and (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Franchisee’s obligations on termination/non-renewal	Not Applicable	Not Applicable
j.	Assignment of contract by franchisor	Section 8	We have the right to assign our rights under the Development Agreement.

	Provision	Section in Development Agreement	Summary
k.	“Transfer” by franchisee – defined	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Franchisor approval of transfer by franchisee	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable
o.	Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Not Applicable	Not Applicable
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non- competition covenants after the franchise is terminated or expires	Not Applicable	In the event the Development Agreement is terminated prior to its natural expiration, then the scope of Developer’s post-term non-compete will include not only the post-term non-compete provision set forth in Section 14 of the Developer’s signed Franchise Agreements, but also prohibit any involvement with a Competing Business within the Development Area or a 20-mile radius of that Development Area.
s.	Modification of the agreement	Section 26	Your Development Agreement may not be modified, except by a writing signed by both parties.
t.	Integration/merger clause	Section 26	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.

	Provision	Section in Development Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 12 Section 13	You must first submit all dispute and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place in Fishers, Indiana at a location of Franchisor’s choice. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator’s fees and bear all of their other respective costs of the mediation.
v.	Choice of forum	Section 15	Subject to Sections 13 and 14 of the Development Agreement, all claims and causes of action arising out of the Development Agreement must be brought in the state or, if appropriate, federal court of general jurisdiction that is closest to Fishers, Indiana, or the city and state where we have notified you in writing we have established our then-current corporate headquarters. (subject to state law)
w.	Choice of law	Section 11	The Development Agreement is governed by the laws of the state of Indiana, without reference to this state’s conflict of laws principles. (subject to state law)

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATION

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 any reasonable basis for the information and, if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item sets forth certain historical data submitted by six (6) affiliate owned Car Washes and our two (2) franchised Car Washes that were open and operating for the entire period from January 1, 2023, to December 31, 2023 (the “Measurement Period”). We have not audited this information, nor independently verified this information. Written substantiation of the data used in preparing this information is available upon reasonable request.

IMPORTANTLY, THE SUCCESS OF YOUR FRANCHISE WILL DEPEND LARGELY UPON YOUR INDIVIDUAL ABILITIES AND YOUR MARKET, AND THE FINANCIAL RESULTS OF YOUR FRANCHISE ARE LIKELY TO DIFFER, PERHAPS MATERIALLY, FROM THE RESULTS SUMMARIZED IN THIS ITEM.

You should not use this information as an indication of how well your franchise will do. A number of factors will affect the success of your franchise. These factors include the current market conditions, the type of market in your franchise area, the location of your franchise area, the competition and your ability to operate the franchise.

ANNUAL INCOME, CERTAIN COSTS AND EXPENSES, NET OPERATING INCOME, and EBITDAR

The table below presents the Annual Income, certain costs and expenses, Net Operating Income, and the EBITDAR for each of the seven Car Washes presented in this Item 19 for the Measurement Period.

**TABLE I
Calendar Year 2023**

	Annual Income	Annual Car Processing Costs	Annual Payroll	Gross Profit	Annual Debt Service (Rent - Prop Tax)*	Annual Other Costs & Expenses	Annual Operating Costs & Expenses	Annual Net Operating Income	Annual EBITDAR
Affiliate 1	\$1,654,127	\$304,791	\$744,829	\$604,507	\$208,407	\$298,894	\$1,556,921	\$97,205	\$305,612
Affiliate 2	\$2,096,077	\$388,058	\$882,686	\$825,333	\$278,777	\$316,415	\$1,865,936	\$230,141	\$508,918
Affiliate 3	\$2,180,023	\$447,545	\$917,145	\$815,334	\$215,739	\$323,170	\$1,903,598	\$276,425	\$492,164
Affiliate 4	\$2,048,895	\$429,627	\$846,128	\$773,141	\$301,685	\$322,882	\$1,900,321	\$148,574	\$450,259
Affiliate 5	\$1,842,791	\$381,904	\$830,495	\$630,393	\$289,969	\$363,991	\$1,866,358	\$(23,567)	\$266,402
Affiliate 6	\$1,431,507	\$400,831	\$803,501	\$227,175	\$367,721	\$179,559	\$1,751,612	\$(320,105)	\$47,616
Franchise 1	\$2,252,057	\$474,830	\$886,802	\$890,424	\$279,834	\$293,660	\$1,935,126	\$316,931	\$596,765
Franchise 2	\$1,412,031	\$259,926	\$606,216	\$545,889	\$337,506	\$132,857	\$1,336,505	\$(45,776)	\$291,730

Notes:

1. Income is defined as the total sales from all car wash profit centers including Car wash sales, car detailing sales, membership sales, and café sales.
2. Car Processing Costs are defined as variable expenses associated with ongoing processing of cars from entry onto the property to exit of the car off the property. These include damage claims, electricity, gas, sewer cost, water cost, chemicals (wash and detail), supplies (wash and detail), and tunnel repair and maintenance. These do not include labor and management costs. It does include taxes.
3. Debt Service is defined is the amount of current obligations including interest, principal, and any lease payments that are/were due for the Measurement Period.
4. Payroll is defined as hourly labor cost, managerial salaries of GM and AGM, overtime, and sales commissions. This does not include taxes.
5. Other costs and expenses are the remainder of the costs and expenses that make up the total Cost of Sales and the expenses. These include Café cost of Goods sold, financial transactions expense, facility related costs, fixed operating expenses, marketing expense, and workforce related expense. These costs/expenses include rent or mortgage payment. These costs/expenses do not include royalty payments, as our Franchised Location did not pay royalty payments during the Measurement Period, and our Affiliate Locations do not pay royalty payments.
6. Net Operating Income is defined as the earnings before interest (interest on debt), taxes (pass through tax on profits), depreciation, and amortization.
7. EBITDAR is defined as earnings before interest (interest on debt), taxes (pass through tax on profits), depreciation, amortization, and Rent. Rent for this purpose is defined as the total annual loan payments for startup costs plus the annual property taxes.
8. This table excludes royalty and advertising fees that you will have to pay as a franchisee.

GENERAL NOTES TO ITEM 19

1. **There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.**
2. You should not use the information set forth in the above table as an indication of how well your franchise will do. Actual results vary from business to business, and we cannot estimate the performance of a particular business. Sales may vary. In particular, the income and expenses of your business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in your area; (c) advertising effectiveness based on market saturation; (d) your product and service pricing;

(e) labor costs; (f) ability to generate customers; (g) customer loyalty; (h) customer referrals and other lead sources; and (i) competition from businesses offering similar services.

3. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your business. Operating costs and expenses may vary substantially from business to business. This Item 19 also does not contain any information about fees that you must pay to us, such as royalty or advertising fees or other expenses such as rent or class operating supplies.
4. Importantly, you should not consider Annual Income presented above to be the actual or potential gross sales that you will realize. We do not represent that you can or will attain these gross sales, or any particular level of gross sales. We do not represent that you will generate income, which exceeds the initial payment of, or investment in, the franchise.
5. Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.
6. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Hatfield at 10150 Lantern Road, Suite 110, Fishers, Indiana 46037 or (317) 674-8509, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION

**Table No. 1
System-wide Outlet Summary
For Years 2021-2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	2	2	0
	2022	2	2	0
	2023	2	3	+1
Company-Owned	2021	5	5	0
	2022	5	6	+1
	2023	6	6	0
Total Outlets	2021	7	7	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2022	7	8	+1
	2023	8	9	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021-2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For years 2021-2023

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
Florida	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3

Table No. 4
Status of Company-Owned Outlets
For years 2021-2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2021	5	0	0	0	5	5
	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6
Total	2021	5	0	0	0	0	5
	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Indiana	1	0	0
Iowa	1	0	0
Ohio	4	1	0
Pennsylvania	2	0	0
Wisconsin	1	0	0
TOTALS:	9	1	0

We do not have any franchisees as of the Issue Date of this Disclosure Document, but in the future a list of the names of all of our current System franchisees, along with the addresses and telephone numbers of their respective franchises, will be set forth in Exhibit H to this Disclosure Document.

We do not have any franchisees that have left the System in the past fiscal year or otherwise not communicated with us in the 10 weeks prior to the Issue Date of this Disclosure Document. The name, city, state and current business telephone number (if known) of every System franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, will be listed on Exhibit I to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System. There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements for fiscal year ended December 31, 2021, December 31, 2022, and December 31, 2023. Our fiscal year-end is December 31.

ITEM 22. CONTRACTS

Copies of the following contracts or documents are also attached as Exhibits to the Disclosure Document that you may be required to execute in connection with your franchise purchase:

Franchise Agreement (and Exhibits)	Exhibit B
Development Agreement	Exhibit C
State Specific Addenda (if and as applicable)	Exhibit E
Sample Form of General Release	Exhibit G
Project Management Agreement	Exhibit J

ITEM 23. RECEIPTS

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Attn: Franchise Administration, c/o Prime Car Wash Franchising LLC, 10150 Lantern Road, Suite 110, Fishers, IN 46037.

EXHIBIT A
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

California

Department of Financial
Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida

Department of Agriculture and
Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

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

Indiana

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

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Bldg. 1st Fl
Lansing, MI 48913
(517) 373-7117

Minnesota

Department of Commerce
Registration and Licensing
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

Nebraska

Department of Banking and
Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, NE 68508
(402) 471-3445

New York

NY State Attorney General
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8236 Phone

North Dakota

North Dakota Securities
Department
600 East Boulevard, State
Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Dept. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Depart. of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
(401) 222-3048

South Dakota

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

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial
Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin

Department of Financial
Institutions Div. of Securities
345 W. Washington Ave., 4th FL
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California

Commissioner of the Dept. of
Financial Protection and
Innovation
California Dept. of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-
2344
(213) 576-7500
(866) 275-2677

Hawaii

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities
Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-
2020
(410) 576-6360

Michigan

Department of Commerce,
Corporations and Securities
Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

New York

Attention: New York Secretary
of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th
Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota

North Dakota Securities
Department
600 East Boulevard, State
Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Director of Oregon
Department of Insurance and
Finance
700 Summer Street, N.E., Suite
120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

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

South Dakota

Director of South Dakota
Division of Insurance
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Securities Administrator
Department of Fi-nancial
Institutions
150 Israel Rd.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of
Securities
345 W. Washington Ave., 4th
Floor
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT B
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

PRIME CAR WASH FRANCHISING LLC
FRANCHISE AGREEMENT

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**PRIME CAR WASH FRANCHISING LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this ___ day of _____, 20___ (“Effective Date,”) by and between: (i) Prime Car Wash Franchising LLC, an Indiana limited liability company with a principal business address at 10150 Lantern Road, Suite 110, Fishers, IN 46037 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

RECITATIONS

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed a unique system (the “System”) for operating car washes featuring flex-service car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks (collectively, the “Approved Products and Services”) through car washes utilizing the System and proprietary marks (each, a “Car Wash”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Car Wash; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Car Wash; standards and specifications for the furniture, fixtures and equipment located within a Car Wash; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Car Wash. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Car Washes are identified by certain marks, including trade names, trademarks, service marks and trade dress, that Franchisor designates for use in connection with each Car Wash, including the current mark, PRIME CAR WASH (collectively, the “Proprietary Marks”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified parties a franchise for the right to independently own and operate a single Car Wash utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single Car Wash from an approved location, and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Car Wash based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee understands and agrees that the Car Wash industry is highly competitive with constantly changing market conditions.
- F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.
- H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.
- I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).

- J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not (a) presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing, or (b) violating any existing contractual obligations by entering into this agreement.
- K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.
- L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.
- M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including, but not limited to those that are specifically required to offer and provide car wash services, that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located.
- O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a Car Wash; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

2. **GRANT OF FRANCHISE**

- A. **Grant of Franchise**. Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single Car Wash (the "Franchised Business").
- B. **Approved Premises; Site Selection Area**. The Franchised Business must be operated from a single location that Franchisor reviews and approves (the "Premises"). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "Site Selection Area") on the data sheet attached

to this Agreement as Exhibit A (the “Data Sheet”) wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Car Wash within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Car Wash, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.

- C. **Relocation of Premises.** Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor’s prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor’s then-current site selection criteria for the premises of a Car Wash; and (ii) Franchisee reimburses Franchisor for all costs incurred in connection with reviewing and approving the relocation and new premises. If Franchisee’s landlord terminates Franchisee’s right to possess the Premises before the term of the Franchise Agreement expires, then Franchisee must find and receive Franchisor’s approval of a suitable replacement location within 60 days.
- D. **Designated Territory.** Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate, or license a third party the right to open or operate, another Car Wash utilizing the System and Proprietary Marks (the “Designated Territory”), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory if and as specifically identified in an updated Data Sheet.
- E. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Car Washes and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Car Washes, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.
- F. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) open and operate, and license third parties the right to open or operate, other Car Washes utilizing the Proprietary Marks and System outside the Designated Territory; (ii) market, offer and sell the Approved Products and Services offered by the Franchised Business and other Car Washes through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, grocery stores, direct mail or wholesale, at any location, as applicable; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services offered by a Car Wash, located within

or outside your Designated Territory, and subsequently operate (or license a third party the right to operate) these locations; (iv) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (v) use, and license others the right to use, the Proprietary Marks and System to engage in any other activity not expressly prohibited by this Agreement.

- G. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee's fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).

3. **TERM AND RENEWAL**

- A. **Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years ("Initial Term") commencing as of the Effective Date.
- B. **Renewal.** Franchisee may submit a request to renew this Agreement for up to two (2) additional terms of five (5) years each, and must provide each request to renew no less than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:
1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee's renewal request or at the time of renewal; and (ii) received three (3) or more separate, written notices of material default from Franchisor with respect to this Agreement in the 24-month period preceding the renewal request date or renewal date, or two (2) or more such notices in the 12-month period preceding the renewal request date or renewal date.
 2. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.
 3. Franchisee pays Franchisor a renewal fee equal to Five Thousand Dollars (\$5,000), at least ninety (90) days prior to the expiration of the then-current term. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.
 4. Franchisee and/or the Designated Manager (as defined in this Agreement and as applicable) attends any training refresher course prescribed by Franchisor at least

thirty (30) days before the expiration of the then-current term of this Agreement, and pays Franchisor's then-current refresher training tuition fee for each attending trainee. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.

5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising out of or related to (a) this Agreement, or (b) any federal, state, or local law, rule, or ordinance.
6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.
7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Franchised Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened Car Wash.

4. FEES AND PAYMENTS

- A. **Fees.** In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:
 1. Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of Fifty Thousand Dollars (\$50,000) (the "Initial Franchise Fee"). The parties acknowledge and agree that the Initial Franchise Fee will be deemed fully earned and non-refundable under any circumstances upon payment.
 2. On Wednesday of each week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee amounting four percent (4%) of the Gross Sales (as defined in Section 4(D)) generated by the Franchised Business during the prior reporting/payment period (the "Royalty Fee").
 3. At the same time and in the same manner the Franchisee is required to pay the Royalty Fee, franchisee shall contribute to the Brand Development Fund (the "Fund") established by Franchisor. Franchisee must contribute such amount as Franchisor may designate from time to time and may increase upon written notice up to two percent (2%), of the Gross Sales (as defined in this Section 4(D)) generated by the Franchised Business in the prior reporting/payment period.
 4. If Franchisor allocates certain portions of the Fund to create/product advertising materials to be used by System franchisees, then Franchisee must cover the costs associated with shipping such materials to the Car Wash.

5. In connection with the required computer software to be used in connection with the point-of-sale system at the Car Wash (the “POS System”), Franchisee shall pay the then-current license and support fees charged by third party providers in connection with such POS System. The system currently costs approximately \$437.50 per month.
 6. All other training/tuition fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates must be paid on an ongoing basis, as described more fully in this Agreement.
- B. **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “EFT Program”), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee’s bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account.
- C. **Access to Computer System.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee’s computer system used in connection with the Franchised Business (the “Computer System”) via the Internet, other electronic means or by visiting the Car Wash, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement. Franchisee must obtain and use the Computer System hardware, software and other components that Franchisor prescribed for use in connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System.
- D. **Gross Sales.** “Gross Sales” means the total revenue generated by your Car Wash, including all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services offered at or through your Car Wash, as well as all proceeds from any business interruption insurance related to the non-operation of your Franchised Business. “Gross Sales” does not include (a) tips received by employees directly from customers of the Franchised Business, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid

thereto, or (c) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services offered in connection with the Franchised Business.

- E. **Gross Sales Reports.** Franchisor reserves the right to require Franchisee to send Franchisor a signed weekly or monthly Gross Sales report (a “Gross Sales Report”) detailing the following information: (i) Gross Sales of the Franchised Business from the preceding Business Week; (ii) Franchisee’s calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding Business Week; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee’s Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee’s reporting obligations may also be modified by Franchisor accordingly.
- F. **Late Payments and Interest.** If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay to the Franchisor, in addition to the overdue amount (a) a late fee amounting to One Hundred Dollars (\$100) and (b) interest at a rate of the greater of one and a half percent (1.5%) per month or the highest commercial rate permitted under applicable law, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such late fee and interest shall be in addition to any and all other remedies Franchisor may have. Franchisee agrees to pay Fifty Dollars (\$50) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.
- G. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.
- H. **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee’s interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the

security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.

1. Notwithstanding anything contained in Section 4(I) of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.
2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under Section 4(I) of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).

I. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed one hundred and twenty (120) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.

J. **Compliance with Gift Card Redemption Policies.** Franchisee agrees and acknowledges that Franchisor has set forth policies and guidelines regarding Franchisee's redemption of gift cards at the Franchised Business that were purchased at a Car Wash other than the Franchised Business (and vice versa), along with directives and guidelines for how any compensation will be allocated amongst the Franchised Business and the other Car Wash(es) at issue. Franchisee agrees and acknowledges that such policies and guidelines may affect Franchisee's payment obligations under this Agreement, whether to Franchisor and/or to a different Car Wash location, but agrees to strictly comply with such directives, policies and guidelines as set forth and updated by Franchisor in the Manuals or otherwise in writing.

K. **Technology Fee.** Franchisor may charge Franchisee an on-going technology fee to pay for certain aspects of Franchisee's computer system and/or software ("Technology Fee"). Franchisor may designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time providing reasonable notice to Franchisee.

5. **DUTIES OF FRANCHISOR**

A. **Initial Training Program.** Franchisor shall offer and make available an initial training program (the "Initial Training Program") for Franchisee and two (2) other management personnel Franchisee designates, provided the parties attend at the same time. One of the trainees must be Franchisee (or one of Franchisee's principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, one (1) of the other attendees must be Franchisee's designated manager that will be responsible for the day to day management of the Franchised Business (the "Designated Manager"). The Initial Training Program will be conducted at Franchisor's corporate headquarters or other facility

that Franchisor designates, subject to the schedules and availability of Franchisor's training personnel. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of Franchisor's staff), provided Franchisee pays Franchisor its then-current training fee (the "Additional Training Fee") for each individual that attends in addition to the first three (3) individuals (as well as any expenses incurred).

- B. **On-Site Assistance Training.** Franchisor will send one (1) or more training personnel to the Premises for approximately three (3) days of on-site assistance and training at the prior to the opening of the Franchised Business (the "On-Site Assistance Training"). Franchisor may determine, in its reasonable discretion, that Franchisee requires more than the three (3) days of On-Site Assistance Training if Franchisee or Franchisee's personnel are not able to demonstrate that they adequately understand and can follow the System standards and specification for operation as conveyed by Franchisor in the Initial Training Program and the first three (3) days of On-Site Assistance Training. In the event Franchisor or its personnel provides additional On-Site Assistance Training due to Franchisee's inability to follow System standards and specifications, Franchisee will be responsible for the costs and expenses incurred by Franchisor and its personnel in connection with providing such additional training.
- C. **Replacement Personnel Training.** Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor's then-current Additional Training Fee (as well as any expenses incurred).
- D. **Additional and Refresher Training.** Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will require Franchisee and its designated attendees to pay Franchisor's then-current Additional Training Fee (in addition to Franchisee's obligation to pay for any expenses incurred).
- E. **Manuals.** Franchisor will loan Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "Manuals"). Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business, including membership programs and services. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to you. Franchisor may also establish and maintain Franchisor's website portal, wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed as part of the manuals on such website portal.

- F. **Site Selection Assistance.** Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business, including Franchisor's then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor may require that Franchisee use an Approved Supplier for site selection assistance. Franchisor will also review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.
- G. **Grand Opening Marketing Spend Assistance.** Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the initial marketing program (as described more fully in Section 9 of this Agreement), which program shall be conducted at Franchisee's expense.
- H. **Opening Assistance/Continuing Assistance.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide opening assistance and continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.
- I. **Review of Advertising Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.
- J. **Website.** For so long as Franchisor has an active website containing content designed to promote Franchisor's brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.
- K. **Branded or Proprietary Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks or that are otherwise proprietary to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.
- L. **Inspections of the Franchised Business and Premises.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videotape of the Car Wash's common area, taking samples of any Approved Products and Services for sale at the Car Wash, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and

conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.

- i. Franchisor may establish a mystery shops program (“Mystery Shops Program”) whereby a third-party vendor will patronize the Franchised Business and grade its experience based on criteria established by Franchisor or the third-party vendor. If established, Franchisee shall pay for the costs of the surveys conducted under the Mystery Shops Program to either Franchisor or a third-party vendor.
 - ii. Franchisor may also conduct quarterly service evaluations of the Franchised Business. Franchisee shall comply with any changes requested by Franchisor based on the quarterly evaluations.
- M. **Administration of Fund.** Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.
- N. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.
- O. **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.
- P. **Pre-Opening Obligations Acknowledgement.** If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within ninety (90) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor complied with all of its pre-opening and opening obligations set forth in this Agreement.
- Q. **Annual Conference.** Franchisor may establish and conduct an annual conference for all Car Wash owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages).

6. **DUTIES OF FRANCHISEE**

- A. **Secure a Premises.** Franchisee must secure a Premises that Franchisor approves within six (6) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisor has designated an Approved Supplier for site selection assistance, then Franchisor may require that Franchisee use this Approved Supplier. If Franchisee is

entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor's approval thereof:

1. The leased Premises will only be used as a Car Wash offering only the Approved Products and Services that Franchisor designates;
 2. Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;
 3. Upon Franchisor's request, the landlord shall supply Franchisor with a current copy of the Lease;
 4. The landlord will notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and provide Franchisor with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time;
 5. Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a Car Wash, for all or any part of the remaining term of the Lease only if: (i) the Franchise Agreement or Lease is terminated for cause; (ii) Franchisee is in default under the Lease and, if applicable, fails to cure within the time period provided for in the Lease; (iii) Franchisee is in material default of the Franchise Agreement and fails to cure said default(s) within the applicable time period (if any) thereunder; or (iv) either the Franchise Agreement or Lease expires (and Franchisee does not renew in accordance with the respective terms of those agreements). Franchisor will not have the right to assume any Lease in the event Franchisee is relocating the Franchised Business from the Premises governed by the Lease in accordance with the terms of this Agreement. In the event Franchisor assumes the Lease under this Section, Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and/or other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days upon termination of Franchisee's rights under the Lease to exercise this option, which Franchisee must do in writing; and
 6. The Lease may not be materially amended, assigned, or terminated without Franchisor's prior written approval.
- B. **Access to Franchisor for Inspection of Premises.** Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.
- C. **Compliance with Lease.** Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section

6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Car Wash by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.

D. **Construction and Build-Out.**

1. Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than eighteen (18) months after the date this Agreement is executed. Franchisor may recommend that Franchisee use an Approved Supplier for construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.
2. The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its development obligations under an Area Development Agreement ("ADA") with Franchisor, then that ADA will control the timeline for opening and operating the Franchised Business in the event there is an inconsistency between the ADA and this Agreement. Franchisee must open and commence operations of the Franchised Business within the time period prescribed in the development schedule set forth in the ADA (even if Franchisor does not require Franchisee to execute this Agreement until Franchisee has secured an approved Premises for the Franchised Business).

E. **Required Licenses and Permits.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to operation of a car wash or establishment offering the other Approved Products and Services provided at the Franchised Business.

F. **Approved Products and Services.** Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specifications related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.

- G. **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Car Wash other than those Franchisor prescribes or approves.
- H. **Fixtures, Furniture, Signs and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires.
- I. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to operating car washes. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.
- J. **Required Items.** Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.
- K. **Alternative Supplier Approval.** If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request. At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not

obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

- L. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.
- M. **Promotional Materials Display.** Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates.
- N. **Initial Training.** Franchisee and each of its management personnel must attend and successfully complete the Initial Training Program prior to opening the Franchised Business, including if applicable, the individual that Franchisee designates to manage the day-to-day operations of the Franchised Business (the "Designated Manager").
 - 1. Before Franchisor approves or schedules Franchisee (or any of Franchisee's initial personnel) to attend any portion of the Initial Training Program, Franchisee must:
 - (i) submit, and obtain Franchisor's approval of, Franchisee's Grand Opening Marketing Spend;
 - (ii) undertake all steps to establish the EFT Account to use in connection with the Car Wash, including ensuring that both Franchisor and its designee have all authorizations and approvals necessary to access this EFT Account;
 - (iii) demonstrate that Franchisee has all required insurance policies in place and that such policies name Franchisor and its designees as additional insureds; and
 - (iv) provide Franchisor with completed and signed copies of all exhibits to your Franchise Agreement, to the extent such exhibits have not been signed or need to be updated/completed. Franchisee must also complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year, and Franchisee must attend Franchisor's annual conference if conducted.
 - 2. Franchisor reserves the right to charge its then-current Additional Training Fee for any additional person(s) that attend the program other than the first three (3)

individuals. Franchisee must also cover all costs associated with personnel of Franchisee attending the Initial Training Program.

- O. **Training of Employees.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Franchised Business at all times.
- P. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.
- Q. **Image.** Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and are properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every five (5) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new Car Wash.
- R. **Customer Lists.** Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history and any other data associated with specific customers' loyalty and/or rewards program that Franchisor designates for use in connection with the System and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly provide this information, which is deemed "Confidential Information" hereunder, to Franchisor upon expiration or termination of this Agreement for any reason.
- S. **Promotional/Maximum Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including any promotional or maximum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition, offering specials, and adapting to local market conditions. Franchisor may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.
- T. **Operation of Franchised Business and Customer Service.** Franchisee will be responsible for the day-to-day operation of the business. Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the

name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.

- U. **Access to Car Wash.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.
- V. **Personal Participation by Franchisee.** Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business when Franchisee is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.
- W. **Credit Cards.** Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express, Discover and any other major credit cards designated by Franchisor.
- X. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.
- Y. **Employment Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained.
- Z. **Bookkeeping Software.** Franchisor may require Franchisee to use a third-party provider (other than QuickBooks) for bookkeeping services if Franchisee (i) fails to timely and accurately provide any and all required reports under this Agreement, or (ii) underreports the Gross Sales of the Car Wash at any time.
- AA. **Annual Conference.** Franchisee must attend the annual business conference held by Franchisor, if conducted. This obligation cannot be delegated to non-shareholder managers. Franchisee will be responsible for all transportation, lodging, food and other costs incurred by the manager in attending the annual business conference. If you do not attend the annual business conference, you will be charged 1% percent of your annual revenue for the balance of the calendar year.

7. PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

- A. **Ownership of Proprietary Marks.** Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.
- B. **Permitted Use.** It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;
 2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.
 3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademarks and service marks, under which it operates pursuant to a license agreement with Prime Car Wash Franchising LLC."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, special cleaning methods, service menu board offerings, and other information, intellectual

property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

- E. **Legal Action Involving Proprietary Marks**. Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals, special cleaning methods, service menu board offerings, and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Confidential Information**. Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.
- G. **Modification or Substitution of Marks by Franchisor**. If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark or good offered, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages.
- H. **Other Modification or Substitution of Proprietary Marks**. Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- I. **Cease Use of Marks on Termination/Non-Renewal**. Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.
- J. **Disconnection of Telephone Number upon Termination/Renewal**. Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory or online under or containing the Proprietary Marks or any name similar to it. Thus, effective upon

the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.

- K. **Non-Exclusive Use of Proprietary Marks**. Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.
- L. **Acknowledgements**. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:
1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
 2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and
 3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.
- M. **No Unauthorized Use**. Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.
- N. **Notification of Infringement**. Franchisee shall notify Franchisor within five (5) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in

connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

- O. **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.
- P. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:
1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the internet except as approved in writing by Franchisor; and
 2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8. **MANUALS AND CONFIDENTIAL INFORMATION**

- A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.
- B. **Control of the Franchised Business.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee are intended to protect Franchisor's standards, systems, names, and marks and are not intended to control day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that the Franchised Business will be under the control of the Franchisee at all times.
- C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, special cleaning methods, service menu board offerings, and materials that are and, by this Agreement, will become proprietary to

Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.

D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:

1. The Manuals, as well as information related to the following: (i) site-selection criteria for Car Washes; (ii) methods, techniques and trade secrets for use in connection with the System for the establishment and operation of a Car Wash including without limitation, the proprietary methods associated with preparing certain Approved Products and Services; (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business and Car Washes generally; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business and Car Washes generally; (v) knowledge of the operating results and financial performance of any Car Wash utilizing the System; (vi) customer communication and loyalty programs, along with data used or generated in connection with those programs; (vii) Franchisor's other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of the Proprietary Marks; (ix) information generated by, or used or developed in, the operation of the Franchised Business, including customer names, addresses, telephone numbers and any other information contained in the Franchised Business's computer system; and (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business and Car Washes generally;
2. The special cleaning methods, service menu board offerings, and preparation/cleaning/presentation techniques and methodology associated with the Approved Products and Services; and
3. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the "Confidential Information").

E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.

F. **Information Not Proprietary.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as hereinafter defined) is information that:

1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons;
or
 2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.
- G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.
- H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, spouses of employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "Restricted Persons") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit E (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request.
- I. **Loan of Manuals.** Franchisor will loan or otherwise provide access to the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.
- J. **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manual at issue maintained by Franchisor at its home office shall be controlling. Out-of-date pages must be returned to Franchisor immediately upon replacement. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.
- K. **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related

to the establishment or operation of the Franchised Business (collectively, the “Improvements”), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor’s interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

9. **ADVERTISING**

- A. **Advertising and Sales Promotion Programs.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Car Washes operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee’s expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.
- B. **Approval for all Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor’s standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor’s approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have thirty (30) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this thirty (30) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor’s property and there will be no restriction on Franchisor’s use or dissemination of such materials. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase “Franchises Available” and references to Franchisor’s telephone number and/or website.
- C. **Grand Opening Marketing Spend.** Franchisee must spend such amounts as Franchisor may reasonably require at minimum Fifteen Thousand Dollars (\$15,000) to promote and advertise the grand opening of the Franchised Business within the Designated Territory (“Grand Opening Marketing Spend”), which must be expended during starting one month prior to the start of operations and one month following the opening of the Franchised Business. Franchisor reserves the right to collect the Grand Opening Marketing Spend

directly from Franchisee in order to implement the initial marketing campaign on Franchisee's behalf.

D. **Local Advertising Requirement.** In addition to Grand Opening Marketing Spend, Franchisee must expend a minimum of two percent (2%) of Gross Sales each month the Franchised Business is open and operating on advertising and marketing the Franchised Business within the Designated Territory (the "Local Advertising Requirement"), provided that Franchisor reserves the right to increase the minimum to three percent (3%).

1. Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.
2. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other Car Wash); (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.
3. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other Car Wash location or System franchisee/developer, or (b) Franchisor otherwise provides its prior written consent in writing.

E. **Brand Development Fund.** Franchisor has established a Brand Development Fund designed to promote the System, Proprietary Marks and Franchisor's brand generally. Franchisee must contribute such amount as Franchisor may designate from time to time, up to two percent (2%) of the Gross Sales (as defined in this Section 4(D)) generated by the Franchised Business in the preceding Business Week, as described in Section 4. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:

1. Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.
2. Franchisor is not obligated to spend monies from the Fund in any particular Franchisee's market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
3. The Fund may be used to meet any and all costs of: (a) maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials (via both traditional and digital methods) including but not limited to graphic design, content creation and video creation, (b) the salaries and/or other compensation paid to our internal staff for their work performed in connection with the Fund or to any third-party advertising, marketing or public relations agency for services to provide any products or services associated with the Fund, (c) mystery shopping and/or other quality

control and quality assurance activities or measures, (d) training tools for franchisees to use in connection with the operation of their respective Franchised Business(es), (e) other technology that we determine appropriate to develop and/or utilize to use as part of the System, and/or (f) any other activities that we believe will enhance the image of the System and/or brand generally. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those Franchisor allocates to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

4. Franchisor shall account for all contributions to the Fund separately from Franchisor's other funds. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust or an asset of Franchisor.
5. Franchisor shall, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to Franchisee upon its written request one hundred twenty (120) days after the Franchisor's fiscal year end. Franchisor will not be required to provide an audit with respect to the Fund, and Franchisor may dissolve the Fund at any time after it is established.

F. **Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Car Washes, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.

G. **Website.** Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and

will be subject to (among other things) Franchisor's approval as described in this Section 9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.

- H. **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Car Wash owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement. Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

10. **ACCOUNTING AND RECORDS**

- A. **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).
- B. **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.
- C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and without notice to

Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.

- D. **Computer System Files and Passwords.** Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement.
- E. **Current Contracts, Listings and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Submission of Performance Reports.** Franchisee shall submit to Franchisor, for review or auditing, financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Sales reports detailing your Gross Sales from the preceding Business Week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require, and such forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and place reasonably required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Manuals or otherwise in writing. Such reporting shall be submitted no later than the tenth (10th) day of the month following the reporting period or such other date specified in writing by Franchisor. If Franchisee prepares and submits to Franchisor monthly profit and loss statements, Franchisor may require Franchisee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by the Franchisee, and then submit such quarterly reviews to the Franchisor. Franchisee also shall immediately notify Franchisor in writing when one or more liens or judgments are filed against the Franchisee, the Franchised Business and/or any of the personal guarantors (if any) under this Agreement.
- H. **Submission of Financial Statements and Tax Returns.** Franchisee shall submit, within sixty (60) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Franchised Business. The statements shall include a statement of income and a balance sheet certified by Franchisee as true and correct and shall be furnished within sixty (60) days after the end of each fiscal year of the Car Wash. The fiscal year of the Car Wash must coincide with the calendar year. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may,

at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Car Wash.

- I. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has been underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.
- J. **Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors, as well as any Designated Manager that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisee is required to first notify Franchisor and obtain its approval prior to making any such change.
- K. **Payroll.** Franchisee acknowledges the Franchisor's stated best practice is to utilize a payroll service which will include as part of its service the impounding and payment of all employee withholding taxes payable to the Internal Revenue Service and state and local taxing authorities. Franchisee will be responsible for all charges related to the payroll service. In addition, upon Franchisor's request Franchisee must submit copies of all quarterly form 941s and all proofs of payment related thereto to Franchisor within ten (10) days of the date such forms and payments are submitted to pertinent governmental agencies.
- L. **Minimum Operating Account Balance.** Once the Franchised Business has been open and operating for a period of six (6) months, Franchisee must maintain an average daily balance of \$75,000 in the bank account that Franchisee designates for use in connection with the Franchised Business. Franchisor may request that Franchisee provide all information necessary to evidence that Franchisee is complying with this obligation, including without limitation, bank statements that have (a) been verified by the bank, and (b) signed and certified as accurate by Franchisee.

11. **INSURANCE AND INDEMNIFICATION**

- A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise by Franchisor in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically

increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designate as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.
- C. **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's ownership, construction, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

12. **INDEPENDENT CONTRACTOR**

- A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.
- B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This Car Wash is independently owned and

operated pursuant to a license agreement.” Neither this Agreement nor Franchisor’s course of conduct is intended, nor may anything in this Agreement (nor Franchisor’s course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee’s employees and/or independent contractor.

13. **TRANSFER AND ASSIGNMENT**

A. **Franchisee Right to Transfer.** Franchisee’s rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee’s interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor’s prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor’s prior written consent shall be voidable at Franchisor’s option and shall subject this Agreement to termination as specified herein.

B. **Death or Disability.**

1. In the event of Franchisee’s death, disability or incapacitation (or the death, disability or incapacitation of Franchisee’s principals/owners/guarantors), Franchisee’s legal representative, or Franchisee’s partner’s or guarantor’s respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as “Franchisee” under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the “90 Day Period”), such person has obtained Franchisor’s prior written approval and has executed Franchisor’s then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee’s obligations to Franchisor and Franchisor’s affiliates; and (ii) such person successfully completes Franchisor’s training program (which Franchisor will provide at Franchisor’s then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee’s legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee’s death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee’s behalf and at Franchisee’s expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor’s sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor’s management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney’s fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee’s estate) will indemnify Franchisor against any costs and/or liabilities

incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).

C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).

D. **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;
2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period

permitted for cure and have substantially complied with such agreements during their respective terms;

3. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;
6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, assuming all of Franchisee's obligations under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee or transferee shall pay Franchisor a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500) (the "Transfer Fee"), as well as any third-party broker costs associated with the contemplated transaction;
8. The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and pay Franchisor then-current Additional Training Fee for transferee and one other person to attend training (the transferee will also be responsible for all costs and expenses associated with attending the initial training program);
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;
10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;
11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;
13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;
14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and
15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

- F. **Transfer from an Individual Franchisee to Business Entity.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.
- G. **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

14. COVENANTS

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Designated Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Designated Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other car wash or business that (a) offers car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks, or (b) otherwise generates twenty percent (20%) or more of its revenue from car wash services (each, a "Competing Business"); or (ii) any business that offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include the following: any business operated by Franchisee under a Franchise Agreement with Franchisor; or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;
2. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. **After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement or assignment of this Agreement by Franchisee, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any immediate family member of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
 - a. Own, operate or otherwise be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business at any location within the United States where Franchisor can demonstrate it has offered this franchise offering.
 - b. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, or otherwise have any interest in or involvement with any other Competing Business: (i) within the Designated Territory; or (ii) within a twenty (20) mile radius of (a) the perimeter of the Designated Territory, (b) any other Car Wash (whether franchised or company-owned) that is open or under development as of

the date this Agreement is terminated or expires (or as of the date Franchisee assigns this Agreement), or (c) any other development area territory granted by Franchisor to open Car Washes under the Proprietary Marks as of the date this Agreement expires or is terminated; or

- c. Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose.

C. **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 14 shall be tolled during any default under this Section 14.

D. **Confidentiality and Non-Competition Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.

E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

15. **DEFAULT AND TERMINATION**

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

- A. **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:
1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
 2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;
 3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
 4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
 5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
 6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.
- B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:
1. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;
 2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
 3. If Franchisee receives from Franchisor three (3) or more notices to cure any defaults or violations under Section 15(C) of this Agreement during any twenty four (24) month period, or two (2) or more such notices during any twelve (12) month period, whether or not these breaches were timely cured;
 4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
 5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use

of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);

6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;
8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);
9. If Franchisee fails to (a) secure a Premises, or (b) open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure a monetary default under the Franchise Agreement within ten (10) days of being notified by Franchisor.
11. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; or (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;
12. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than three (3) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;
13. If Franchisee fails to provide Franchisor with access to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within three (3) business days of being notified by Franchisor;
14. If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that

Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;

15. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
16. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;
17. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
18. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;
19. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or
20. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides car wash services.

C. **Termination upon Notice and 30 Day Cure Period.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

D. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are

operating the Franchised Business (the “Management Fee”), and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor’s operation of the Franchised Business.

16. POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Operation of Franchised Business and Affiliation with Franchisor.** Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchise at or with respect to the Premises;
- B. **Return Manuals and Confidential Information.** Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;
- C. **Assignment of Customer Contracts, Telephone/Facsimile Numbers and Domain Names.** Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date customer list and any membership contracts to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form entitled Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F;
- D. **Cease Using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor’s request, and remove any items that are characteristic of the System “trade dress” from the Premises. Franchisee agrees that

Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor;

- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and
- G. **Payment of Outstanding Amount.** Pay Franchisor all amounts owed to Franchisor under the terms of this Agreement.
- H. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.
- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

18. **WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT**

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.
- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a

waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.

- C. **Terms of Other Franchise Agreements**. No warranty or representation is made by the Franchisor that for System franchisees all franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.
- D. **Modification of System and Manuals**. Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document**. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

19. **ENFORCEMENT**

- A. **Full Access to Premises for Inspection**. In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.
- B. **Injunctive Relief**. The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.
- C. **No Withholding of Payments**. Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.

- D. **Costs and Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

20. **NOTICES**

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: Prime Car Wash Franchising LLC
Attn: Robert Hatfield
10150 Lantern Road, Suite 110
Fishers, IN 46037

With a copy to: Dunn & Allsman, LLC
Attn: F. Joseph Dunn, Esq.
18 Campus Blvd., Suite 100
Newtown Square, PA 19073

To Franchisee: _____

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

21. **GOVERNING LAW AND DISPUTE RESOLUTION**

- A. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, without reference to this state's conflict of laws principles.
- B. **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(G) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may

bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

- C. **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 21(B) above, will be submitted first to mediation to take place in Fishers, Indiana at a location of Franchisor's choice, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.
- D. **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

- E. **Venue.** Subject to Section 21(C) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Fishers, Indiana, or, if appropriate, the United States District Court for the Southern District of Indiana (unless settled by the parties after such action is initiated). Franchisee acknowledges that this Agreement has been entered into in the State of Indiana, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Fishers, Indiana, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Indiana as set forth in this Section.
- F. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- G. **Notice Requirement.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- H. **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.
- I. **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.
- J. **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver

of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

- K. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.
- L. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

22. **SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.
- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this

Agreement shall be construed independently of any other Section or provision of this Agreement.

23. ACKNOWLEDGMENTS

- A. Franchisee acknowledges that it received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time conducted an independent investigation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("FDD"), and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.
- B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any other communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. Franchisee further agrees to acknowledge that Franchisee is not relying on anything other than what is specifically set forth in writing in this Agreement or the FDD disclosed to Franchisee. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

PRIME CAR WASH FRANCHISING LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
DATA SHEET AND STATEMENT OF OWNERSHIP

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

2. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

3. DESIGNATED TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

4. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this ____ day of _____, 20____.

FRANCHISEE

By: _____

Name: _____

Title: _____

FRANCHISOR

PRIME CAR WASH FRANCHISING LLC

By: _____

Robert Hatfield, CEO

EXHIBIT B TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Prime Car Wash Franchising LLC, an Indiana limited liability company (the "Franchisor") that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named _____ (the "Franchisee"), as well as their respective spouses, as of the date this Personal Guaranty (the "Personal Guaranty" or "Guaranty") is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the franchise agreement entered into between Franchisee and Franchisor (the "Franchise Agreement"), as well as any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Confidential Information, trade secrets and/or confidential information, including without limitation: (i) site-selection criteria for a franchise car wash operated utilizing Franchisor's proprietary marks (the "Proprietary Marks") and System (as defined below) (each, a "Car Wash"); (ii) methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the "System") for the establishment and operation of a franchised business (hereafter, a "Franchised Business"); (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business; (v) knowledge of the operating results and financial performance of other Car Washes; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; (vii) Franchisor's proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for

use in connection with the System; (viii) information regarding the development of Franchisor's proprietary marks (the "Proprietary Marks"); (ix) information generated by, or used or developed in, the Car Wash's operation, including customer names, addresses, telephone numbers and related information and any other information contained in the Franchised Business's computer system; (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business; (xi) Franchisor's proprietary Operations Manual and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; and (xii) any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, "Confidential Information"). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; price marketing mixes related to the offer and sale of car wash services and other Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; special cleaning methods, service menu board offerings, and other techniques and know-how concerning the of operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes "Confidential Information" under this Section: (i) former, current and prospective customer information, including customer names and addresses, contracts/agreements (collectively "Customer Lists"), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

ARTICLE III **NON-COMPETITION**

You acknowledge that as a participant in the Franchisor's System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1. **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other car wash or business that (a) offers car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks, or (b) otherwise generates twenty percent (20%) or more of its revenue from car wash services (each, a "Competing Business"); or (ii) any business that offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include the following: any business operated by Franchisee under a Franchise Agreement with Franchisor; or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest.

1.2. Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses 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 Proprietary Marks or the System.

2. **After the Term of This Agreement.**

2.1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in offering or granting franchises or licenses, or establishing joint ventures, for the ownership or operation of a Competing Business. The scope of the non-compete described in this Section shall be the geographical area where Franchisor can demonstrate that it has offered and sold franchises as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement).

2.2. For a period of two (2) years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

2.2.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with, any Competing Business that is located within a twenty (20) mile radius of: (i) the perimeter of the Designated Territory granted under the Franchise Agreement; (ii) any other Car Wash that exists as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement); or (iii) any other development area territory granted by Franchisor to open Car Washes under the Proprietary Marks as of the date this Agreement expires or is terminated; or

2.2.2. Contact any of Franchisor's suppliers or vendors for any competitive business purpose.

3. **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Indiana.

3. **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, in Fishers, Indiana at a location of Franchisor's choice, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor that specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty. The parties agree that mediation shall not be required with respect to any claim or dispute involving: (a) any of your payment obligations that are past due; (b) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (c) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (d) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (e) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").

5. **Jurisdiction and Venue.** Subject to the other dispute resolution provisions in this Personal Guaranty, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to Fishers, Indiana or, if appropriate, the United States District Court for the Southern District of Indiana. The undersigned hereby irrevocably consent to the jurisdiction of these courts.

6. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

7. **Right to Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was

wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

8. **JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

9. **Limitation of Action.** You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10. **Punitive Damages.** You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

11. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

12. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

14. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

15. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

16. **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties' heirs, successors, assigns or transferees.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

EXHIBIT C TO THE FRANCHISE AGREEMENT

SAMPLE LEASE ADDENDUM FORM AND
COLLATERAL ASSIGNMENT OF LEASE FORM

LEASE ADDENDUM FORM

The undersigned Landlord hereby:

- A. Agrees that the leased Premises will only be used in connection with the operation of Franchisee’s franchised business utilizing Franchisor’s proprietary marks (the “Proprietary Marks”);
- B. Agrees that Franchisor has the right to enter the Premises to (a) make any modifications necessary to protect the Proprietary Marks, or (b) otherwise exercise or enforce Franchisor’s rights under the Franchise Agreement;
- C. Agrees to allow Franchisee, upon written request from Franchisor, to provide Franchisor with a current copy of the lease;
- D. Agrees to notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and also provide Franchisor with the right to cure said default under the Lease within thirty (30) days of being notified (but Franchisor is under no obligation to do so);
- E. Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee’s default or termination hereunder or upon Franchisee’s default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee’s rights under the lease, to exercise this option; and
- F. Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor’s prior written approval.

Dated: _____

LANDLORD
CORPORATE SIGNATURE:

a/an _____ corporation

By: _____

By: _____

Its: _____

Its: _____

SIGNED and SEALED this ____ day of _____, 20__

_____ Notary Public

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Prime Car Wash Franchising LLC (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “Lease”) respecting premises commonly known as _____ (the “Premises”).

This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default and failure to cure (within the appropriate time period) by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

SIGNED AND SEALED this __
day of _____, 20__

EXHIBIT D TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Prime Car Wash Franchising LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____(the “Franchise Agreement”) for the franchised business located at: _____ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) Technology Fees; (iv) any amounts due and owing the Company or its affiliates in connection with supplies, inventory, marketing materials and/or other items/services that are provided by Company or its affiliates; and (v) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

PRIME CAR WASH FRANCHISING LLC

By: _____

Robert Hatfield, CEO

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT E TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, officers, directors, general partners, members, Designated Managers and any other management personnel of Franchisee)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Prime Car Wash Franchising LLC (the “Company”) to: (i) establish and operate a PRIME CAR WASH franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of a PRIME CAR WASH businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manual”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other PRIME CAR WASH businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, special cleaning methods, service menu board offerings, and know-how related to the operation of a PRIME CAR WASH business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such

information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in: (i) any other car wash or business that (a) offers car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks, or (b) otherwise generates twenty percent (20%) or more of its revenue from car wash services (each, a “Competing Business”); or (ii) any business that offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include the following: any business operated by Franchisee under a Franchise Agreement with Franchisor; or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers of Franchisee for any competitive business purpose.

a. *Post-Term Restrictive Covenant for Designated Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a twenty (20) mile radius of the Premises; or (ii) within a twenty (20) mile radius of any other PRIME CAR WASH that exists at the time my employment with Franchisee ceases. During the two (2) year period described in this Section, I also agree that I will not: (a) be involved in the franchising or licensing of any Competing Business at any location within the United States where the Company can demonstrate it has offered or sold franchises as of the date my employment ceases with Franchisee; (b) undertake any action to divert business from the Franchised Business to any Competing Business; or (c) solicit any of the former customers of Franchisee for any competitive business purpose.

7. I agree that 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement

to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of Indiana. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

1. _____, doing business as PRIME CAR WASH (the “Assignor”), in exchange for valuable consideration provided by Prime Car Wash Franchising LLC (the “Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its PRIME CAR WASH franchised business located at _____ (collectively, the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____
_____.

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company or domain name registrar to effectuate this agreement, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR

By: _____

Date: _____

Title: _____

ASSIGNEE

PRIME CAR WASH FRANCHISING LLC

By: _____

Date: _____

Robert Hatfield, CEO

EXHIBIT G TO THE FRANCHISE AGREEMENT

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

As you know, Prime Car Wash Franchising LLC (“we”, “us”), and you are preparing to enter into a Franchise Agreement for the right to open and operate one (1) or more franchises (each, a “Franchised Business”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You must sign and date this certification the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes ___ No ___ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes ___ No ___ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes ___ No ___ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes ___ No ___ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes ___ No ___ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?
- Yes ___ No ___ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes ___ No ___ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes ___ No ___ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the PRIME CAR WASH mark or any other mark at any location outside your Designated Territory under the Franchise Agreement without regard to the proximity of these activities to you’re the premises of your Franchised Business(es)?
- Yes ___ No ___ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, at our principal offices in Indiana?

- Yes ___ No ___ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?
- Yes ___ No ___ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes ___ No ___ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- Yes ___ No ___ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes ___ No ___ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes ___ No ___ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?
- Yes ___ No ___ 16. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes ___ No ___ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business?

purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

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

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20_____

Dated: _____, 20_____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20_____

Dated: _____, 20_____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

EXHIBIT C
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) entered into this ___ day of ___, 20___, between: (i) Prime Car Wash Franchising LLC, an Indiana limited liability company with a principal business address at 10150 Lantern Road, Suite 110, Fishers, IN 46037 (the “Franchisor”); and (ii) _____, a/an _____ with an address at _____ (hereinafter “Developer”).

Background

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed a unique system (the “System”) for operating car washes featuring flex-service car wash and detail services including, cleaning, vacuuming, waxing, shining, conditioning, drying, and other cleaning services, as well as limited products including beverages, refreshments, and snacks (collectively, the “Approved Products and Services”) through car washes utilizing the System and proprietary marks (each, a “Car Wash”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Car Wash; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Car Wash; standards and specifications for the furniture, fixtures and equipment located within a Car Wash; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Car Wash. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Car Washes are identified by certain marks, including trade names, trademarks, service marks and trade dress, that Franchisor designates for use in connection with each Car Wash, including the current mark, PRIME CAR WASH (collectively, the “Proprietary Marks”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop multiple Car Washes within a defined geographical area (the “Development Area”) in accordance with a development schedule that must be strictly adhered to, with each Car Wash within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current franchise agreement (each, a “Franchise Agreement”).

E. Developer recognizes the benefits from receiving the right to operate a Car Wash and desires to: (i) become a multi-unit Car Wash operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate multiple Car Washes within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor’s operations manual and other System standards and specifications, are essential to the operation of all Car Washes and our System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

1. **Development Area.** Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Car Washes within the Development Area defined in Exhibit “A” hereto, provided Developer opens and commences operations of such Car Washes in strict accordance with the mandatory development schedule also set forth in Exhibit “A” (the “Development Schedule”) and otherwise subject to the terms and conditions set forth herein. During the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third party the right to open or operate, any Car Washes within the Development Area.

2. **Development Fee.** Developer shall pay Franchisor a Development Fee equal to \$_____ (the “Development Fee”) for the right to develop the foregoing Franchised Businesses within the Development Area under this Agreement, which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in this Section.

2.1 The parties agree and acknowledge that the Development Fee is comprised of: (i) the consideration for the territorial rights granted within the Development Area; and (ii) the initial fees payable for the right to own and operate the initial Franchised Business that Developer is granted the right to open within the Development Area under this Agreement (the “Initial Franchised Business”) and each additional Franchised Business that Franchisor has granted Developer the right to open hereunder (each, an “Additional Franchised Business”).

2.2 Developer must pay Franchisor the Development Fee in accordance with the following schedule: (i) immediately upon execution of this Agreement, Developer must pay an amount equal to \$50,000 for the initial Franchised Business granted hereunder, plus \$30,000 for the second Franchised Business granted hereunder, plus \$20,000 for the third and each Additional Franchised Business granted hereunder. The parties agree and acknowledge that the entire Development Fee will be deemed fully earned and non-refundable upon execution of this Agreement.

Initials: _____

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement for the first Car Wash that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer’s principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Car Wash that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements within six (6) months of the opening of the previous Car Wash.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the required number of new Car Wash during each development period set forth in the Development Schedule (each, a "Development Period"); and (ii) has the minimum cumulative number of Car Washes open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

6. **Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will end on the earlier of (a) the last day of the calendar month that the final Car Wash is required to be opened and operating under the Development Schedule or (b) the day the final Car Wash is open. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Car Washes that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (under the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Car Washes within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, including any failure to pay any portion of the Development Fee and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

6.3 In the event this Agreement is terminated prior to its natural expiration, then the geographic scope of the non-compete set forth in Section 14(B)(1) of the initial Franchise Agreement shall be revised to also include the (a) Development Area, and (b) a 20-mile radius around that Development Area.

7. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Marks or System.

10. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Choice of Law.** This Agreement will be governed by the laws of the State of Indiana (without reference to its conflict of laws principals).

12. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to mediation in Fishers, Indiana at a location of Franchisor's choice under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

14. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. **Jurisdiction and Venue.** Subject to Sections 13 and 14 above, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction or, if applicable, federal court closest to (a) Fishers, Indiana, or (b) Franchisor's then-current corporate headquarters. Developer acknowledges that this Agreement has been entered into in the State of Indiana, and that Developer will receive valuable and continuing services emanating from Franchisor's headquarters in Indiana, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Indiana set forth above.

16. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. **Jury Trial Waiver.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. **Successors.** References to “Franchisor” or “Developer” include the respective parties’ successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer’s attorney-in-fact to execute any and all documents on Developer’s behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developers’ development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

[signatures on following page]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR:

PRIME CAR WASH FRANCHISING LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A to DEVELOPMENT AGREEMENT

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

2. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	Expiration Date	Number of New Car Washes Developer Must Open in Development Area	Cumulative Number of Car Washes Developer Must Have Open Within Development Area
First	___ Months from Effective Date		
Second	___ Months from Effective Date		
Third	___ Months from Effective Date		

APPROVED BY:

FRANCHISOR

DEVELOPER

PRIME CAR WASH FRANCHISING LLC

[INSERT NAME]

By: _____

By: _____

[Name], [Title]

Name: _____

Title: _____

EXHIBIT D
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS



PRIME CAR WASH FRANCHISING, LLC
Financial Statements

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

SponselCPAGroup.com

251 North Illinois Street Suite 450 Indianapolis, IN 46204

507 Woodcrest Drive Bloomington, IN 47401

MAIN 317.608.6699 FAX 317.608.6698

PRIME CAR WASH FRANCHISING, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Prime Car Wash Franchising, LLC:

Opinion

We have audited the accompanying financial statements of Prime Car Wash Franchising, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and members' deficit, and cash flows for the years ended December 31, 2023, 2022, and 2021, 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 Prime Car Wash Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022, and 2021, 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 Prime Car Wash Franchising, LLC 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 Prime Car Wash Franchising, LLC'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prime Car Wash Franchising, LLC'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 Prime Car Wash Franchising, LLC'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.

Correction of Error

As discussed in Note 8 to the financial statements, certain errors resulting in understatement of amounts previously reported for commissions payable to member and expenses as of and for the years ended December 31, 2022 and 2021, were discovered by management of the Company during the current year. Accordingly, amounts reported for commissions payable to member and expenses have been restated in the 2022 and 2021 financial statements now presented, and an adjustment has been made to retained earnings as of January 1, 2021, to correct the error. Our opinion is not modified with respect to that matter.

Sponsel CPA Group, LLC

Indianapolis, Indiana
April 24, 2024

PRIME CAR WASH FRANCHISING, LLC
 Balance Sheets
 December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>LIABILITIES AND MEMBERS' DEFICIT</u>	<u>2023</u>	<u>2022</u>
Current Assets			Current Liabilities		
Cash	\$ 71,342	\$ 108,515	Accounts payable	\$ 7,865	\$ 5,725
Accounts receivable	53,284	52,880	Royalties payable	384	2,647
Rebates receivable	6,133	6,054	Related party payables	6,171	6,380
Related party receivables	7,799	2,500	Credit card payable	110	8,212
ATM fee receivable	<u>258</u>	<u>126</u>	Accrued payroll	1,108	-
<i>Total current assets</i>	<u>138,816</u>	<u>170,075</u>	Commissions payable to member	145,000	194,167
			Deferred revenue, current portion	<u>53,000</u>	<u>93,833</u>
			<i>Total current liabilities</i>	<u>213,638</u>	<u>310,964</u>
			Deferred Revenue, Net Of Current Portion	<u>359,792</u>	<u>364,875</u>
			<i>Total liabilities</i>	<u>573,430</u>	<u>675,839</u>
			Commitments (Notes 5, 6 and 7)		
			Members' Deficit	<u>(434,614)</u>	<u>(505,764)</u>
	<u>\$ 138,816</u>	<u>\$ 170,075</u>		<u>\$ 138,816</u>	<u>\$ 170,075</u>

See independent auditor's report and accompanying notes to the financial statements.

PRIME CAR WASH FRANCHISING, LLC*Statements of Operations and Members' Deficit**For the Years Ended December 31, 2023, 2022, and 2021*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Franchise fees	\$ 50,083	\$ 40,082	\$ 15,083
Royalty fees	48,732	50,180	10,756
Project management fees	45,833	54,167	-
Marketing revenue	14,000	31,500	-
Commission revenue	6,494	-	-
ATM fees	3,009	2,970	2,991
Other franchise revenues	8,292	12,000	12,827
<i>Total revenue</i>	<u>176,443</u>	<u>190,899</u>	<u>41,657</u>
Cost of Goods Sold	<u>-</u>	<u>-</u>	<u>500</u>
Gross Profit	<u>176,443</u>	<u>190,899</u>	<u>41,157</u>
Operating Expenses			
Payroll and payroll taxes	22,434	23,675	-
Commissions	70,833	179,167	75,000
Amortization	-	1,771	2,125
Royalty expense	21,137	22,743	4,818
Meals and entertainment	212	115	376
Advertising	334	-	122
Small equipment	1,049	-	2,410
Bank charges and fees	276	179	320
Office expense	4,254	1,180	-
Legal and professional	36,125	28,083	13,361
Travel	6,501	5,119	-
Management fees	52,481	112,440	67,200
Aircraft expenses	77,044	47,716	53,736
Licenses, permits, and fees	-	-	225
Training	4,502	12,000	12,000
Charitable donations	-	2,000	-
<i>Total operating expenses</i>	<u>297,182</u>	<u>436,188</u>	<u>231,693</u>
Operating Loss	<u>(120,739)</u>	<u>(245,289)</u>	<u>(190,536)</u>
Other Income (Expense)			
Rebate income	71,368	25,424	26,208
Other income	375	-	775
Interest expense	(156)	(728)	(1,681)
<i>Total other income, net</i>	<u>71,587</u>	<u>24,696</u>	<u>25,302</u>
Net Loss	(49,152)	(220,593)	(165,234)
Members' Deficit, Beginning of Year	(505,764)	(228,425)	(63,763)
Members' Contributions	120,302	7,000	40,572
Members' Distributions	-	(63,746)	-
Prior Period Adjustment (Note 8)	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Members' Deficit, End of Year	<u>\$ (434,614)</u>	<u>\$ (505,764)</u>	<u>\$ (228,425)</u>

PRIME CAR WASH FRANCHISING, LLC

Statements of Cash Flows

For the Years Ended December 31, 2023, 2022, and 2021

Page 1 of 2

CHANGE IN CASH

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities			
Cash received from franchisees	\$ 124,692	\$ 393,722	\$ 177,345
Cash paid to suppliers and vendors	(353,675)	(359,138)	(147,509)
Rebate income	71,289	25,980	24,275
Other income	375	-	775
Interest expense	(156)	(728)	(1,681)
	<u>(157,475)</u>	<u>59,836</u>	<u>53,205</u>
<i>Net cash provided by (used in) operating activities</i>			
Cash Flows from Investing Activities			
ATM withdrawals	(66,260)	(83,800)	(85,920)
ATM reimbursements funded	66,260	83,800	85,920
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net cash used in investing activities</i>			
Cash Flows from Financing Activities			
Members' contributions	120,302	7,000	40,572
Members' distributions	-	(63,746)	-
	<u>120,302</u>	<u>(56,746)</u>	<u>40,572</u>
<i>Net cash provided by (used in) financing activities</i>			
Net Change in Cash	(37,173)	3,090	93,777
Cash, Beginning of Year	<u>108,515</u>	<u>105,425</u>	<u>11,648</u>
Cash, End of Year	<u>\$ 71,342</u>	<u>\$ 108,515</u>	<u>\$ 105,425</u>

**RECONCILIATION OF NET LOSS TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Loss	<u>\$ (49,152)</u>	<u>\$ (220,593)</u>	<u>\$ (165,234)</u>
Adjustments to Reconcile Net Loss to Net Cash Provided By (Used In) Operating Activities			
Amortization	-	1,771	2,125
<i>(Increase) decrease in operating assets:</i>			
Accounts receivable	(404)	(51,692)	(691)
Rebates receivable	(79)	556	(1,933)
Related party receivables	(5,299)	(1,300)	1,489
ATM fee receivable	(132)	66	(27)
Inventory	-	-	500
<i>Increase (decrease) in operating liabilities:</i>			
Accounts payable	2,140	5,725	-
Royalties payable	(2,263)	1,526	538
Related party payables	(209)	(8,925)	15,305
Credit card payable	(8,102)	(2,214)	(8,784)
Accrued payroll	1,108	-	-
Commissions payable to member	(49,167)	79,167	75,000
Deferred revenue	(45,916)	255,749	134,917
 <i>Total adjustments</i>	 <u>(108,323)</u>	 <u>280,429</u>	 <u>218,439</u>
 Net Cash Provided By (Used In) Operating Activities	 <u><u>\$ (157,475)</u></u>	 <u><u>\$ 59,836</u></u>	 <u><u>\$ 53,205</u></u>

PRIME CAR WASH FRANCHISING, LLC

Notes to the Financial Statements

December 31, 2023, 2022, and 2021

1. ADOPTION OF NEW ACCOUNTING STANDARD

Accounting Standards Update 2016-13 Adoption

In June 2016, the Financial Accounting Standards Board ("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" or "CECL"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

On January 1, 2023, the Company adopted the new accounting standard and all of the related amendments using the modified retrospective method. There was no impact to operating results or retained earnings for the current period due to this standard update.

The Company's transition to CECL required the evaluation of: 1) historical data 2) assessment of current economic conditions, and 3) reasonable and supportable forecasts to estimate expected credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Prime Car Wash Franchising, LLC (the Company) is an Indiana franchisor of car washes located in Pennsylvania, Florida, Tennessee, Ohio, Indiana, Kentucky, and Missouri. All car washes operating as a franchise are owned and operated by the franchisee under franchise agreements.

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting. Management used estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

The accompanying financial statements include the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and members' deficit, and cash flows for the years ended December 31, 2023, 2022, and 2021, as required by the Federal Trade Commission's Franchise Rule.

Cash and Credit Risk

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2023 and 2022.

The FDIC insured limit is \$250,000, which may expose cash balances in excess of \$250,000, held by the Company, to risk of loss. At December 31, 2023 and 2022, the Company did not have any exposed cash balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounts Receivable

Accounts receivable consist of balances owed according to franchise agreements, including initial fees, royalties, and various other fees charged to franchisees. Balances are typically due within 30 days unless otherwise specified in the agreement. There is no significant financing component to these invoices. Management reviews balances periodically on an individual basis and writes off balances deemed to be uncollectible. Management deems accounts receivable to be fully collectible. There is no allowance for credit losses as of December 31, 2023 and 2022.

Rebates Receivable

Rebates receivables are recognized in the period corresponding purchases are made and are typically received in the following quarter. Management reviews balances periodically on an individual basis and writes off balances deemed to be uncollectible. Management deems rebates receivable to be fully collectible. There is no allowance for credit losses at December 31, 2023 and 2022.

Website

The Company's website was capitalized at cost of \$6,375 when developed and has amortized using the straight-line method over a three year useful life. Accumulated amortization was \$6,375 as of December 31, 2023 and 2022.

Revenue Recognition

Revenue is recognized following the five-step model: identifying the contract with the franchisee, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when (or as) the entity satisfies a performance obligation. Contracts with franchisees include multiple performance obligations. Transaction prices for performance obligations are included in the contract in order for the Company to recognize revenue, based off a point in time or over time, for each performance obligation as it is completed as specified below.

The Company has applied the optional exemption of excluding variable consideration from evaluation as the variable consideration is sales-based. Franchisees are located throughout the United States of America. Various economic factors can impact the nature, amount, timing, and uncertainty of revenues and cash flows. The health of the economy can directly affect the need for car washes, and therefore affect potential revenue from new franchisees as well as royalty fees and other income based off sales and activity of franchisees.

Franchise fees

Franchise fees are nonrefundable and paid up front based on the agreed upon amount of each respective franchise agreement. These fees are recognized over the life of the franchise agreement, which is ten years, that grants the franchisee access to the license and corresponding benefits from franchisor. Prior to the end of the franchise term, the franchisee may elect to renew the term of the agreement for an additional five years, and, if approved, will pay a \$5,000 renewal fee upon execution of the renewal term. These renewal franchise fees will be recognized over the life of the renewal period. Franchise fees not yet earned are recorded as deferred revenue. Franchise fees of \$50,083, \$40,082, and \$15,083 were earned during the years ended December 31, 2023, 2022, and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Continued

Royalty fees

Royalty fees are based on the agreed upon terms of the franchise agreement and calculated off a scale from 1% - 5% of gross sales of the franchisee on a monthly basis. Royalty fees are recognized at a point in time based on when the gross sales occurred and payments are due the following month. Royalty fees of \$48,732, \$50,180, and \$10,756 were earned during the years ended December 31, 2023, 2022, and 2021, respectively.

Brand development fund fees

Brand development fund fees are calculated at 2% of gross sales of the franchisee on a monthly basis. These funds are to be used to promote the brand supporting all franchisees. Brand development fund fees are recognized at a point in time based on when the gross sales occur. No brand development fund fees were earned during the years ended December 31, 2023, 2022, and 2021.

Enterprise development fees

Enterprise development fees are calculated as 25% of the net realized gain from the sale of a franchisee's business. Enterprise development fees are recognized at a point in time based on when the sale occurs, as the potential amount is not estimable by management. No such sales have occurred during the years ended December 31, 2023, 2022, and 2021.

Project management fees

Project management fees are nonrefundable and paid in two installments based on the agreed upon amount of each respective project management agreement. The first performance obligation and payment installment require the Company to provide an approved scope of work to oversee the building of the corresponding franchise car wash. The revenue is recognized at a point in time upon approval of the scope of work provided by the Company. Once approved, the second performance obligation is to oversee the project and completion of construction of the building. Construction typically occurs over a span of one year with the revenue for the second performance obligation being recognized in equal increments as work is performed throughout the life of the contract.

Project management fees of \$45,833 and \$54,167 were earned during the years ended December 31, 2023 and 2022, respectively. There were no project management fees earned during the year ended December 31, 2021.

Marketing revenue

Marketing revenue is earned over time during the month the services are provided. Marketing services are billed to active franchisees on a monthly basis. Marketing revenue of \$14,000 and \$31,500 were earned during the years ended December 31, 2023 and 2022. There was no marketing revenue earned during the year ended December 31, 2021.

Commission revenue

Commission revenue is earned based on the Company brokering deals with third party vendors for discounted equipment purchased by franchisees. The Company acts as an agent for these deals and therefore revenue is recorded on a net basis at a point in time upon the delivery of equipment. Commission revenue of \$6,494 was earned during the year ended December 31, 2023. There was no commission revenue earned during the years ended December 31, 2022 and 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Continued

ATM fees

The Company owns and operates two ATM machines. The fees charged on cash withdrawal transactions are recognized at the point in time of each transaction. ATM fees of \$3,009, \$2,970, and \$2,991 were earned during the years ended December 31, 2023, 2022, and 2021, respectively.

Other franchise revenues

Other potential revenues include but are not limited to additional training, grand opening marketing, sale of branded products, and annual conference fees that are recognized at a point in time based on when the products or services are provided to the franchisee. Other franchise revenues of \$8,292, \$12,000, and \$12,827 were earned during the years ended December 31, 2023, 2022, and 2021, respectively.

Other Income

Rebate income

The Company reached an agreement with an unrelated third party, by which the Company receives rebate income based on the volume of supplies purchased by related parties and franchisees. This other income is recognized at a point in time. This income does not meet the definition of revenue from contracts with franchisees.

Income Tax

Prime Car Wash Franchising, LLC, with the consent of its members, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of entity-level income taxes, when treated as an S corporation, the members of the Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America, require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. No interest or penalties were incurred from income taxes for the years ended December 31, 2023, 2022, and 2021.

The Company has filed its federal and state income tax returns for periods through December 31, 2022. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date. Accordingly, the income tax filings for the years ended December 31, 2022, 2021, and 2020 are open to examination at December 31, 2023.

PRIME CAR WASH FRANCHISING, LLC

Notes to the Financial Statements

December 31, 2023, 2022, and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated by management through April 24, 2024, which is the date the financial statements were available to be issued.

3. FRANCHISE AGREEMENTS

Franchise agreements grant the franchisee the right to operate a car wash using Prime Car Wash's brand and to receive support from the Company. Franchise agreements have an initial term of ten years and include a right to renew in five year increments. The agreements include the franchise license and clarification on all additional fees owed over time or when performed. The initial payment for the franchise fee is due at signing and is nonrefundable.

During the year ended December 31, 2023, the Company sold one franchise. The Company sold six franchises during the year ended December 31, 2022, and three franchises during the year ended December 31, 2021.

Accounts receivable represent receivables related to contracts with franchisees. Deferred revenue represents contract liabilities based on the life of the franchise agreement. Due to the franchise agreement spanning over several years, deferred revenue is presented as current and long-term on the balance sheets. The current portion of deferred revenue represents the amount of revenue expected to be recognized in the following year. Of the total deferred revenue balance of \$458,708 at December 31, 2022, \$40,082 was recognized as revenue during the year ended December 31, 2023. Of the total deferred revenue balance of \$202,959 at December 31, 2021, \$23,000 was recognized as revenue during the year ended December 31, 2022. Of the total deferred revenue balance of \$68,042 at January 1, 2021, \$8,000 was recognized as revenue during the year ended December 31, 2021.

Accounts receivable and deferred revenue related to contracts with franchisees and consisted of the following at the beginning and ending of the years ended December 31, 2023, 2022, and 2021:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Accounts receivable	\$ 53,284	\$ 52,880	\$ 1,188	\$ 497
Deferred revenue, current portion	\$ 53,000	\$ 93,833	\$ 23,000	\$ 8,000
Deferred revenue, net of current portion	\$ 359,792	\$ 364,875	\$ 179,959	\$ 60,042

4. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with various related parties due to common ownership; however, none of these entities noted below are required to be included in the financial statements. Transactions not listed below primarily relate to cash transfers for payments of expenses on behalf of other related party entities. The Company invoiced related parties \$70,700 for expenses paid on behalf of the other companies, and also were billed by related parties a total of \$14,710 for expenses during 2023. The Company invoiced related parties \$53,216 for expenses paid on behalf of the other companies, and also were billed by related parties a

PRIME CAR WASH FRANCHISING, LLC*Notes to the Financial Statements**December 31, 2023, 2022, and 2021***4. RELATED PARTY TRANSACTIONS, CONTINUED**

total of \$112,979 for expenses during 2022. The Company invoiced related parties \$13,820 for expenses paid on behalf of the other companies, and also were billed by related parties a total of \$32,235 for expenses during 2021.

The Company has an agreement to pay monthly management fees to Prime Car Wash, LLC to cover various operating expenses. The Company paid management fees of \$52,481, \$112,440, and \$67,200 for the years ended December 31, 2023, 2022, and 2021, respectively.

Total related party receivables at December 31, 2023 and 2022 include the following:

	<u>2023</u>	<u>2022</u>
PCW One, LLC	\$ -	\$ 200
PCW Two, LLC	-	200
PCWH Three, LLC	-	200
PCWH Four, LLC	-	200
PCWH Five, LLC	-	200
PCWH Florida, LLC	-	1,500
Prime Car Wash, LLC	4,577	-
Prime Jet Shine LLC	3,222	-
	<u> </u>	<u> </u>
Total	<u>\$ 7,799</u>	<u>\$ 2,500</u>

Total related party payables at December 31, 2023 and 2022 include the following:

	<u>2023</u>	<u>2022</u>
Prime Car Wash, LLC	\$ 6,171	\$ 3,642
Prime Aviation, LLC	-	2,738
	<u> </u>	<u> </u>
Total	<u>\$ 6,171</u>	<u>\$ 6,380</u>

5. GUARANTOR

Prime Car Wash, LLC a related party through common ownership, has an agreement with a bank for a \$300,000 line of credit. In 2023, the Company agreed to be a guarantor on this line of credit. There are six other related entities with common ownership and two members who are also guarantors on this line of credit, therefore limiting the exposure risk for the Company.

The line of credit expires June 2024, and bears interest at the greater of 4.15% or prime rate plus 0.75% (9.25% at December 31, 2023). There was a \$300,000 outstanding balance on the line of credit at December 31, 2023.

In January 2022, the Company agreed to guarantee a lease on property for a related party through common ownership. The lease is also guaranteed by Prime Car Wash, LLC and both its members, therefore limiting the Company's risk. The lease, entered into in 2021, is for 1.2 acres of property. This lease requires monthly minimum payments from the related party ranging from \$12,500 to \$16,638 through the first 20 years. There is an option to extend the lease for another 25 years with payments ranging from \$18,301 to \$32,009.

PRIME CAR WASH FRANCHISING, LLC*Notes to the Financial Statements**December 31, 2023, 2022, and 2021*

6. ROYALTY PAYMENTS

The Company has an agreement to pay a portion of royalty fees received from two franchisees to two individuals. The two individuals receive monthly royalties equal to 16.5% - 25% of the franchise royalty fee (33% - 50% total). For the years ended December 31, 2023, 2022, and 2021, the Company incurred royalty expenses from this agreement totaling \$21,137, \$22,743, and \$4,818, respectively.

7. COMMISSIONS AGREEMENT

In 2022, the Company entered into an agreement with one of the members that will earn commissions on new franchisees and project management agreements entered into during the year. The terms agreed upon for commissions earned equal 50% of franchise fee for new franchisees and 100% of the project management fees.

The Company incurred commissions expense from this agreement totaling \$70,833, \$179,167, and \$75,000 for the years ended December 31, 2023, 2022, and 2021, respectively. At December 31, 2023 and 2022, there was a commissions payable to member of \$145,000 and \$194,167, respectively, owed for commissions. See Note 8 for prior period adjustment.

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

In 2023, the Company altered the agreement noted in Note 7 above. The member has earned and is owed commissions on all franchisees entered into prior to 2022. This change resulted in differences in previously issued financial statements for the 2022 and 2021 years. The cumulative effect to opening members' deficit as of January 1, 2021 totaled \$40,000 for commissions earned on acquisitions prior to 2021. See below for the reflection of the previously reported and restated numbers.

For the balance sheet, the following changes were made:

	<u>December 31, 2022</u>	
	<u>As previously reported</u>	<u>Restated</u>
Commissions payable to member	\$ 79,167	\$ 194,167
Total current liabilities	195,964	310,964
Total liabilities	560,839	675,839
Members' deficit	(390,764)	(505,764)

PRIME CAR WASH FRANCHISING, LLC*Notes to the Financial Statements**December 31, 2023, 2022, and 2021***8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT , CONTINUED**

For the statements of operations and members' deficit, the following changes were made:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>As previously reported</u>	<u>Restated</u>	<u>As previously reported</u>	<u>Restated</u>
Commissions	\$ 179,167	\$ 179,167	\$ -	\$ 75,000
Total operating expense	436,188	436,188	156,693	231,693
Operating loss	(245,289)	(245,289)	(115,536)	(190,536)
Net loss	(220,593)	(220,593)	(90,234)	(165,234)
Member's deficit, beginning of year	(113,425)	(228,425)	(63,763)	(63,763)
Prior period adjustment	-	-	-	(40,000)
Members' deficit, end of year	(390,764)	(505,764)	(113,425)	(228,425)

For the statements of cash flows, there were no changes to the year ended December 31, 2022. The the following changes were made for the year ended December 31, 2021:

	<u>As previously reported</u>	<u>Restated</u>
Net loss	\$ (90,234)	\$ (165,234)
Increase in Commissions payable to member	-	75,000



PRIME CAR WASH FRANCHISING, LLC
Financial Statements

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

SponseLCPAGroup.com

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PRIME CAR WASH FRANCHISING, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Prime Car Wash Franchising, LLC:

Opinion

We have audited the accompanying financial statements of Prime Car Wash Franchising, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and members' deficit, and cash flows for the years ended December 31, 2022, 2021, and 2020, 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 Prime Car Wash Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021, and 2020, 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 Prime Car Wash Franchising, LLC 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 Prime Car Wash Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prime Car Wash Franchising, LLC'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 Prime Car Wash Franchising, LLC'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.

Sponsel CPA Group, LLC

Indianapolis, Indiana
April 11, 2023

PRIME CAR WASH FRANCHISING, LLC

Balance Sheets

December 31, 2022 and 2021

<u>ASSETS</u>			<u>LIABILITIES AND MEMBERS' DEFICIT</u>		
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Current Assets			Current Liabilities		
Cash	\$ 108,515	\$ 105,425	Accounts payable	\$ 5,725	\$ -
Accounts receivable	52,880	1,188	Commissions payable to member	79,167	-
Rebates receivable	6,054	6,610	Royalties payable	2,647	1,121
Related party receivables	2,500	1,200	Related party payables	6,380	15,305
ATM fee receivable	<u>126</u>	<u>192</u>	Credit card payable	8,212	10,426
<i>Total current assets</i>	170,075	114,615	Deferred revenue, current portion	<u>93,833</u>	<u>23,000</u>
			<i>Total current liabilities</i>	195,964	49,852
Other Assets			Deferred Revenue, Net Of Current Portion	<u>364,875</u>	<u>179,959</u>
Website, net	<u>-</u>	<u>1,771</u>	<i>Total liabilities</i>	<u>560,839</u>	<u>229,811</u>
			Commitments (Notes 4, 5 and 6)		
			Members' Deficit	<u>(390,764)</u>	<u>(113,425)</u>
	<u>\$ 170,075</u>	<u>\$ 116,386</u>		<u>\$ 170,075</u>	<u>\$ 116,386</u>

PRIME CAR WASH FRANCHISING, LLC*Statements of Operations and Members' Deficit**For the Years Ended December 31, 2022, 2021, and 2020*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue			
Franchise fees	\$ 40,082	\$ 15,083	\$ 8,000
Royalty fees	50,180	10,756	1,167
Project management fees	54,167	-	-
Marketing revenue	31,500	-	-
ATM fees	2,970	2,991	1,950
Other franchise revenues	12,000	12,827	22,101
	<hr/>	<hr/>	<hr/>
<i>Total revenue</i>	190,899	41,657	33,218
Cost of Goods Sold	<hr/>	<hr/>	<hr/>
	-	500	5,498
Gross Profit	<hr/>	<hr/>	<hr/>
	190,899	41,157	27,720
Operating Expenses			
Payroll and payroll taxes	23,675	-	-
Commissions	179,167	-	-
Amortization	1,771	2,125	2,125
Royalty expense	22,743	4,818	583
Meals and entertainment	115	376	526
Advertising	-	122	1,227
Small equipment	-	2,410	-
Bank charges and fees	179	320	(59)
Office expense	1,180	-	-
Legal and professional	28,083	13,361	7,420
Travel	5,119	-	399
Management fees	112,440	67,200	5,564
Aircraft expenses	47,716	53,736	-
Licenses, permits, and fees	-	225	-
Training	12,000	12,000	13,000
Charitable donations	2,000	-	-
	<hr/>	<hr/>	<hr/>
<i>Total operating expenses</i>	436,188	156,693	30,785
Operating Loss	<hr/>	<hr/>	<hr/>
	(245,289)	(115,536)	(3,065)
Other Income (Expense)			
Referral income	-	-	10,000
Rebate income	25,424	26,208	9,126
Other income	-	775	-
Interest expense	(728)	(1,681)	(1,463)
	<hr/>	<hr/>	<hr/>
<i>Total other income, net</i>	24,696	25,302	17,663
Net Income (Loss)	<hr/>	<hr/>	<hr/>
	(220,593)	(90,234)	14,598
Members' Deficit, Beginning of Year	<hr/>	<hr/>	<hr/>
	(113,425)	(63,763)	(47,029)
Members' Contributions	<hr/>	<hr/>	<hr/>
	7,000	40,572	-
Members' Distributions	<hr/>	<hr/>	<hr/>
	(63,746)	-	(31,332)
Members' Deficit, End of Year	<hr/>	<hr/>	<hr/>
	\$ (390,764)	\$ (113,425)	\$ (63,763)

See independent auditor's report and accompanying notes to the financial statements.

CHANGE IN CASH

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities			
Cash received from franchisees	\$ 393,722	\$ 177,345	\$ 22,484
Cash paid to suppliers and vendors	(359,138)	(147,509)	(15,425)
Referral income	-	-	10,000
Rebate income	25,980	24,275	4,449
Other income	-	775	-
Interest expense	(728)	(1,681)	(1,463)
	<u>59,836</u>	<u>53,205</u>	<u>20,045</u>
<i>Net cash provided by operating activities</i>			
Cash Flows from Investing Activities			
ATM withdrawals	(83,800)	(85,920)	(40,000)
ATM reimbursements funded	83,800	85,920	40,000
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net cash used in investing activities</i>			
Cash Flows from Financing Activities			
Members' contributions	7,000	40,572	-
Members' distributions	(63,746)	-	(31,332)
	<u>(56,746)</u>	<u>40,572</u>	<u>(31,332)</u>
<i>Net cash provided by (used in) financing activities</i>			
Net Change in Cash	3,090	93,777	(11,287)
Cash, Beginning of Year	<u>105,425</u>	<u>11,648</u>	<u>22,935</u>
Cash, End of Year	<u>\$ 108,515</u>	<u>\$ 105,425</u>	<u>\$ 11,648</u>

**RECONCILIATION OF NET INCOME (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Income (Loss)	\$ (220,593)	\$ (90,234)	\$ 14,598
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities			
Amortization	1,771	2,125	2,125
<i>(Increase) decrease in operating assets:</i>			
Accounts receivable	(51,692)	(691)	(497)
Rebates receivable	556	(1,933)	(4,677)
Related party receivables	(1,300)	1,489	(2,489)
ATM fee receivable	66	(27)	252
Inventory	-	500	5,498
<i>Increase (decrease) in operating liabilities:</i>			
Accounts payable	5,725	-	-
Credit card payable	(2,214)	(8,784)	12,652
Commissions payable to member	79,167	-	-
Royalties payable	1,526	538	583
Related party payables	(8,925)	15,305	-
Deferred revenue	255,749	134,917	(8,000)
<i>Total adjustments</i>	<u>280,429</u>	<u>143,439</u>	<u>5,447</u>
Net Cash Provided By Operating Activities	<u>\$ 59,836</u>	<u>\$ 53,205</u>	<u>\$ 20,045</u>

PRIME CAR WASH FRANCHISING, LLC

Notes to the Financial Statements

December 31, 2022, 2021, and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Prime Car Wash Franchising, LLC (the Company) is an Indiana franchisor of car washes located in Pennsylvania, Florida, Tennessee, Ohio, Indiana, Kentucky, and Missouri. All car washes operating as a franchise are owned and operated by the franchisee under franchise agreements.

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting. Management used estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

The accompanying financial statements include the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and members' deficit, and cash flows for the years ended December 31, 2022, 2021, and 2020, as required by the Federal Trade Commission's Franchise Rule.

Cash

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2022 and 2021.

The FDIC insured limit is \$250,000, which may expose cash balances in excess of \$250,000, held by the Company, to risk of loss. At December 31, 2022 and 2021, the Company did not have any exposed cash balances.

Accounts Receivable

Accounts receivable consist of balances owed according to franchise agreements, including initial fees, royalties, and various other fees charged to franchisees. Balances are typically due within 30 days unless otherwise specified in the agreement. There is no significant financing component to these invoices. Management deems accounts receivable to be fully collectible at December 31, 2022 and 2021.

Rebates Receivable

Rebates receivables are recognized in the period corresponding purchases are made and are typically received in the following quarter. Management deems rebates receivable to be fully collectible at December 31, 2022 and 2021.

Website

The website is capitalized at cost of \$6,375 and amortized using the straight-line method over a three year useful life. Accumulated amortization was \$6,375 and \$4,604 as of December 31, 2022 and 2021, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition

Revenue is recognized following the five-step model: identifying the contract with the franchisee, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when (or as) the entity satisfies a performance obligation. Contracts with franchisees include multiple performance obligations. Transaction prices for performance obligations are included in the contract in order for the Company to recognize revenue, based off point in time or over time, for each performance obligation as it is completed as specified below.

The Company has applied the optional exemption of excluding variable consideration from evaluation as the variable consideration is sales-based. Franchisees are located throughout the United States. Various economic factors can impact the nature, amount, timing, and uncertainty of revenues and cash flows. The health of the economy can directly affect the need for car washes, and therefore affect potential revenue from new franchisees as well as royalty fees and other income based off sales and activity of franchisees.

Franchise fees

Franchise fees are nonrefundable and paid up front based on the agreed upon amount of each respective franchise agreement. These fees are recognized over the life of the franchise agreement, which is ten years, that grants the franchisee access to the license and corresponding benefits from franchisor. Prior to the end of the franchise term, the franchisee may elect to renew the term of the agreement for five years, and, if approved, will pay a \$5,000 renewal fee upon execution of the renewal term. These renewal franchise fees will be recognized over the life of the renewal. Franchise fees not yet earned are recorded as deferred revenue. Franchise fees of \$40,082, \$15,083, and \$8,000 were earned during the years ended December 31, 2022, 2021, and 2020, respectively.

Royalty fees

Royalty fees are based on the franchise agreement and calculated off a scale from 1% - 5% of gross sales on a monthly basis. These are recognized at a point in time based on when the sales occurred and payments are due the following month. Royalty fees of \$50,180, \$10,756, and \$1,167 were earned during the years ended December 31, 2022, 2021, and 2020, respectively.

Brand development fund fees

Brand development fund fees are calculated at 2% of gross sales on a monthly basis, and funds will be used to promote the brand supporting all franchisees. These are recognized at a point in time based on when the sales occurred. No brand development fees were earned during the years ended December 31, 2022, 2021, and 2020.

Enterprise development fees

Enterprise development fees are calculated as 25% of the net realized gain from the sale of a franchisee's business. These are recognized at a point in time based on when the sale occurs, as the potential amount is not estimable by management. No such sales have occurred during the years ended December 31, 2022, 2021, and 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Project management fees

Project management fees are nonrefundable and paid in two installments based on the agreed upon amount of each respective project management agreement. The first performance obligation and payment installment requires the Company to provide an approved scope of work to oversee the building of the corresponding franchise car wash. The revenue is recognized at a point in time upon approval of the scope of work provided by the Company. Once approved, the second performance obligation is to oversee the project and completion of the building. This typically occurs over a span of one year and therefore the revenue for the second performance obligation is recognized evenly over time as the work performed is deemed consistent throughout the life of the contract.

Project management fees of \$54,167 were earned during the year ended December 31, 2022, of which \$50,000 was earned at a point in time and \$4,167 was earned over time. There were no project management fees earned during the years ended December 31, 2021 and 2020.

Marketing revenue

Marketing revenue is earned over time during the month the services are provided and are billed to active franchisees on a monthly basis to provide official marketing services. Marketing revenue of \$31,500 was earned during the year ended December 31, 2022. There was no marketing revenue earned during the years ended December 31, 2021 and 2020.

ATM fees

The Company owns and operates two ATM machines. The fees charged on cash withdrawal transactions are recognized at the point in time of each transaction.

Other franchise revenues

Other potential revenues include but are not limited to additional training, grand opening marketing, sale of branded products, and annual conference fees that are recognized at a point in time based on when the products or services are provided to the franchisee. Other franchise revenues of \$12,000, \$12,827, and \$22,101 were earned during the years ended December 31, 2022, 2021, and 2020, respectively.

Other Income

Rebate income

The Company reached an agreement with an unrelated third party, by which the Company receives rebate income calculated from supplies purchased by related parties and franchisees. Revenue is recognized at a point in time. This income does not meet the definition of revenue from contracts with franchisees.

Referral fee

Referral fees are received based on an agreement with an unrelated third party. Revenue is recognized at a point in time and does not meet the definition of revenue from contracts with franchisees.

PRIME CAR WASH FRANCHISING, LLC

Notes to the Financial Statements

December 31, 2022, 2021, and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Tax

Prime Car Wash Franchising, LLC, with the consent of its members, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of entity-level income taxes, when treated as an S corporation, the members of the Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America, require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. No interest or penalties were incurred from income taxes for the years ended December 31, 2022, 2021, and 2020.

The Company has filed its federal and state income tax returns for periods through December 31, 2021. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date. Accordingly, the income tax filings for the years ended December 31, 2021, 2020, and 2019 are open to examination at December 31, 2022.

Subsequent Events

Subsequent events have been evaluated by management through April 11, 2023, which is the date the financial statements were available to be issued.

2. FRANCHISE AGREEMENTS

Franchise agreements grant the franchisee the right to operate a car wash using Prime Car Wash's brand with support from the Company for a period of ten years initially, including a right to renew in five year increments. The agreements include the franchise license and clarification on all additional fees owed over time or when performed. The initial payment for the franchise fee is due up front and nonrefundable.

During the year ended December 31, 2022, there were six franchises purchased. There were three franchises purchased during the year ended December 31, 2021. There were no franchises purchased during the year ended December 31, 2020.

Accounts receivable represent receivables related to contracts with franchisees. Deferred revenue represents contract liabilities based on the life of the franchise agreement. Due to the franchise agreement spanning over several years, deferred revenue is presented as current and long-term on the balance sheets. The current portion of deferred revenue represents the amount of revenue to be recognized in the following year. Of the total deferred revenue balance of \$202,959 at December 31, 2021, \$23,000 was recognized as revenue during the year ended December 31, 2022. Of the total deferred revenue balance of \$68,042 at December 31, 2020, \$8,000 was recognized as revenue during the year ended December 31, 2021. Of the total deferred revenue balance of \$76,042 at January 1, 2020, \$8,000 was recognized as revenue during the year ended December 31, 2020.

PRIME CAR WASH FRANCHISING, LLC*Notes to the Financial Statements**December 31, 2022, 2021, and 2020***2. FRANCHISE AGREEMENTS, CONTINUED**

Accounts receivable and deferred revenue related to contracts with franchisees consisted of the following at the beginning and ending of the years ended December 31, 2022, 2021, and 2020:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Accounts receivable	\$ 52,880	\$ 1,188	\$ 497	\$ -
Deferred revenue, current portion	\$ 93,833	\$ 23,000	\$ 8,000	\$ 8,000
Deferred revenue, net of current portion	\$ 364,875	\$ 179,959	\$ 60,042	\$ 68,042

3. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with various related parties due to common ownership; however, none of these entities noted below are required to be included in the financial statements. Transactions not listed below primarily relate to cash transfers for payments of expenses on behalf of other related party entities. The Company invoiced related parties \$53,216 for expenses paid on behalf of the other companies, and also were billed by related parties totaling \$112,979 for expenses during 2022. The Company invoiced related parties \$13,820 for expenses paid on behalf of the other companies, and also were billed by related parties totaling \$32,235 for expenses during 2021. The Company invoiced related parties \$16,919 for expenses paid on behalf of the other companies, and also were billed by related parties totaling \$7,338 for expenses during 2020.

The Company has an agreement to pay monthly management fees to Prime Car Wash, LLC to cover various operating expenses. The Company paid management fees of \$112,440, \$67,200, and \$5,564 for the years ended December 31, 2022, 2021, and 2020, respectively.

Total related party receivables at December 31, 2022 and 2021 include the following:

	<u>2022</u>	<u>2021</u>
PCW One, LLC	\$ 200	\$ 200
PCW Two, LLC	200	200
PCWH Three, LLC	200	200
PCWH Four, LLC	200	200
PCWH Five, LLC	200	200
PCWH Florida, LLC	1,500	-
Prime Aviation, LLC	-	200
Total	<u>\$ 2,500</u>	<u>\$ 1,200</u>

PRIME CAR WASH FRANCHISING, LLC*Notes to the Financial Statements**December 31, 2022, 2021, and 2020*

3. RELATED PARTY TRANSACTIONS, CONTINUED

Total related party payables at December 31, 2022 and 2021 include the following:

	<u>2022</u>	<u>2021</u>
Prime Car Wash, LLC	\$ 3,642	\$ 15,305
Prime Aviation, LLC	<u>2,738</u>	<u>-</u>
Total	<u>\$ 6,380</u>	<u>\$ 15,305</u>

4. GUARANTOR

In February 2021, a related party through common ownership entered into an agreement with a bank for a \$200,000 line of credit. The Company has agreed to be the guarantor of this line of credit. The line of credit expires May 31, 2023 and bears interest at the greater of 4.15% or prime rate plus 0.75% (8.25% at December 31, 2022). The line of credit had a balance of \$200,000 at December 31, 2022.

In January 2022, the Company agreed to guarantee a lease on property for a related party through common ownership. The lease, entered into in 2021, is for 1.2 acres of property. This lease requires monthly minimum payments from the related party ranging from \$12,500 to \$16,638 through the first 20 years. There is an option to extend the lease for another 25 years with payments ranging from \$18,301 to \$32,009.

5. ROYALTY PAYMENTS

The Company has an agreement to pay a portion of royalty fees received from two franchisees to two individuals. The two individuals receive monthly royalties equal to 16.5% - 25% of the franchise royalty fee (33% - 50% total). For the years ended December 31, 2022, 2021, and 2020, the Company incurred royalty expenses from this agreement totaling \$22,743, \$4,818, and \$583, respectively.

6. COMMISSIONS AGREEMENT

In 2022, the Company entered into an agreement with one of the members that will earn commissions on new franchisees and project management agreements entered into during the year. The terms agreed upon for commissions earned equal 50% of franchise fee for new franchisees and 100% of the project management fees.

The Company incurred commissions expenses from this agreement totaling \$179,167 for the year ended December 31, 2022. No commissions expense was incurred during the years ended December 31, 2021 and 2020. At December 31, 2022, there was a commissions payable to member of \$79,167 owed for commissions at December 31, 2022.

7. RECLASSIFICATION

Certain items on the 2021 and 2020 financial statements have been reclassified to conform to the current year's presentation. Such reclassification has no effect on members' deficit or the changes in members' deficit.

EXHIBIT E
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA
TO THE FDD AND FRANCHISE AGREEMENT

**INDIANA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Section 15 of the Franchise Agreement and Section 6 of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. No release language set forth in the Franchise Agreement or Area Development Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

3. Section 15 of the Franchise Agreement and Exhibit E to the Franchise Agreement (Confidentiality and Restrictive Covenant Agreement) are revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Area for all franchises sold in the State of Indiana.

4. Section 21(J) of the Franchise Agreement and Section 18 of the Area Development Agreement ("**Waiver of Punitive Damages**") is deleted from all Franchise Agreements and Area Development Agreements used in the State of Indiana.

5. Notwithstanding the terms of Section 11 (C) of the Franchise Agreement ("**Indemnification**"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.

**VIRGINIA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the Commonwealth of Virginia:

Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**VIRGINIA ADDENDUM TO
FRANCHISE AGREEMENT**

Section 4(A)(1) of the Franchise Agreement is amended for Virginia franchisees to state that the payment of the Initial Franchise Fee shall be deferred until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

**VIRGINIA ADDENDUM TO
DEVELOPMENT AGREEMENT**

Section 2 of the Development Agreement is amended for Virginia franchisees to state that the payment of the Development Fee shall be deferred until the franchisor has completed its pre-opening obligations under the Development Agreement.

EXHIBIT F
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
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CLEAN INSIDE. CLEAN OUTSIDE.

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EXHIBIT G
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
SAMPLE FORM OF GENERAL RELEASE

SAMPLE FORM OF GENERAL RELEASE

This General Release (“Release”) is made and entered into on this _____ day of _____, 20__ by and between Prime Car Wash Franchising LLC (“Franchisor”) and _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a Prime Car Wash Franchise Agreement (the “Franchise Agreement”) dated _____, 20__, granting Franchisee the right to operate a Prime Car Wash business under Franchisor’s proprietary marks and system at the following location: _____.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasors”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasors hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist.

Each of the Releasors expressly acknowledges that they are familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing a release, which if known by him or her must have materially affected his or her settlement with the debtor.

Each of the Releasors hereby specifically and expressly waives all rights that it may have under Section 1542 of the California Civil Code or any similar provision of law in any other jurisdiction. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Releasors acknowledge and agree that they have read the terms of this Release, they fully understand and voluntarily accept the terms, and that they have entered into this Release voluntarily and without any coercion.

[SIGNATURES ON FOLLOWING PAGE]

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

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT H
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

Zac Bruker
PCWH Florida, LLC

11860 San Jose Boulevard
Jacksonville, Florida 32223
(904) 337-0546

14190 Beach Boulevard
Jacksonville, Florida 32250
(904) 619-8099

Zbrucker@primecarwash.com

Chuck Hundt
PCW Nashville 1

405 E Main Street
Hendersonville, TN 37075
(615) 991-5398

chundt@primecarwash.com

**LIST OF FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS BUT NOT YET
OPENED AS OF DECEMBER 31, 2023**

Mike O'Hara
PrimePhilly1 LLC
Philadelphia, PA
Michael.f.ohara@gmail.com

Albert O. Myers, III
PCW Central Ohio, LLC
Columbus, OH
rmyers@thecloseco.com

Chad Galloway
Des Moines, IA
chad.galloway@kcpsurgival.com

Adam Jones – 2 Franchise Agreements
PCW Cinci 1, LLC
Cincinnati, OH
ajones@primecarwash.com

Patrick Mond
Pittsburgh, PA
pmondi@gmail.com

Jay Bedrosian
Dayton, OH
jbedrosian@aesgroupllc.com

Landon Mowry
Jizzer11@comcast.net

Ty Stoppenhagen
Fort Wayne, IN
ty@newaggrpup.com

**EXHIBIT I
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF FORMER FRANCHISEES THAT LEFT SYSTEM IN PAST YEAR

None.

EXHIBIT J
TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

PROJECT MANAGEMENT AGREEMENT

PROJECT MANAGEMENT AGREEMENT

THIS PROJECT MANAGEMENT AGREEMENT (the "Agreement") is made as of the ____ day of _____, 201_, by and between Prime Car Wash Franchising, LLC, an Indiana Limited Liability company ("PCW"), and _____, a _____ ("Principal"). Unless otherwise noted, PCW and Principal are collectively referred to herein as the "Parties".

BACKGROUND

A. Principal and PCW have executed a franchise agreement dated _____ ("Franchise Agreement") for the operation of a Prime Care Wash located at _____ and commonly referred to as _____, (the "Car Wash");

B. In connection with the Franchise Agreement, PCW desires to protect the "Prime Car Wash" brand (the "Brand") by implementing procedures and controls which allow PCW to maintain and enforce the quality standards of the Brand;

C. Principal wishes to retain PCW to provide project management services relating to the site selection, design, construction management and coordination of the Car Wash (the "Project"); and

D. PCW wishes to provide such services on the terms and conditions set forth in this Agreement.

NOW THEREFORE and in consideration of the agreements and mutual covenants of the Parties herein contained, the Parties hereby agree as follows:

AGREEMENT

SECTION 1. SCOPE OF SERVICES

1.1 **Basic Services.** On the terms and conditions set forth herein, and in consideration of the Project Management Fee, PCW shall perform the project management services including, without limitation, site selection of the Car Wash, negotiating agreements, executing contracts, directing contractors, or approving plans or orders, for and on behalf of Principal ("Services") of this Agreement with respect to the Project. The responsibilities included in the Scope of Work is included herein as Attachment A. The execution by Principal and PCW of this Agreement shall constitute PCW's authority to proceed in providing the Services with respect to the Project.

1.2 **Additional Service Providers.** Principal and PCW acknowledge and agree that Principal may require the services of general contractors, surveyors, space planners, engineers, interior decorators and/or other consultants and contractors in connection with the Project ("Additional Service Providers"). PCW shall cooperate with and coordinate such Additional Service Providers in order to achieve Principal's objectives for the Project. PCW shall advise Principal with respect to the use of Additional Service Providers and, pursuant to the Franchise Agreement, may designate one or more Additional Service Providers who must be engaged in connection with the Project (and who may, at PCW's option, be PCW, its parent or its affiliates). There may be instances, in the interest of time and/or cost savings benefits, where PCW will need to retain an Additional Service Provider on Principal's behalf. It is expressly agreed and understood that should PCW on behalf of Principal, enter into an agreement with Additional Service Provider to complete the Project, PCW shall not be liable to such Additional Service Provider with respect to such contracts. Additional Service Providers shall be compensated based on the provisions of Section 2.3 herein.

1.3 **Project Budget.** PCW shall provide to Principal a detailed Scope of Work which shall include the total estimated costs to be paid by Principal for the Services required to complete the Project (the "Project Budget"). If the Project Budget increases beyond that contemplated in the Scope of Work or should the Completion of the Project be delayed through no fault of PCW or should a change be made in the Project which does not increase the scope or duration of the Project but which requires an increase in PCW's personnel committed to the Project, then the Project Fee, defined in will be increased as is reasonably agreed between the parties.

1.4 **Completion of the Project.** The Project shall be deemed complete once the general contractor for the Project performs the Final Walkthrough of the Car Wash with Principal or an individual designated by Principal ("Completion of the Project").

SECTION 2. COMPENSATION

2.1 **Project Management Fee.** Upon execution of this Agreement, Principal will be invoiced One Hundred Thousand Dollars (\$100,000) by PCW for the "Project Management Fee". Half of the Project Management Fee, \$50,000, is immediately non-refundable and fully-earned as it is used to cover PCW's initial labor costs in creating the design specifications for the Project and compiling the necessary bids and contractors in order to present Principal with a Scope of Work for approval. PCW will have thirty (30) days from the Effective Date of this Agreement to provide Principal with a Scope of Work for review and approval. Upon receipt of the Scope of Work, Principal shall have ten (10) days to accept the terms of the Scope of Work (the "Project Acceptance") or notify PCW that he/she does not wish to proceed with the Project (the "Project Cancellation"). Upon notification by the Principal of Project Acceptance the remaining balance of the Project Management Fee, \$50,000, shall be deemed fully-earned and non-refundable, and will be due and paid to PCW upon obtaining the building permit. Conversely, upon notification by the Principal of Project Cancellation, the remaining balance of the Project Management Fee, \$50,000 shall be credited to the Principal's account.

2.2 **Survey Fee.** In order to prepare a complete Scope Work, PCW must have a current property survey. Principal will be required to pay for a new survey to be completed prior to the delivery of the Scope of Work (the "Survey Fee"). The Survey Fee is a separate fee that will be due, upon its completion, to a third-party surveyor of PCW's choosing and paid pursuant to Section 2.4 below.

2.3 **Payment of Additional Service Providers.** In order to protect the Brand and to ensure that the Project is completed in a manner and quality consistent with the Brand, PCW will collect and review invoices related to the Project and remit payment to the service provider for such invoices. Principal will be required reimburse PCW in accordance with Section 2.4 below. Principal shall pay the amounts due as directed by PCW and shall not pay any amount to any Additional Service Provider unless directed to do so by PCW. Principal grants PCW the right to stop payment to any Additional Service Provider who has performed work which has caused or would cause the Project to be inconsistent with the Brand, and Principal grants PCW the right to prevent any Additional Service Provider from performing work which would cause the Project to be inconsistent with the Brand within the Franchise System.

2.4 **Terms of Payment.** All Additional Service Providers, as part of the Project Budget, shall be compensated directly by PCW. PCW shall then issue an invoice to Principal for the fees paid to the Additional Service Providers (the "Work Invoices"), the sum of which shall be due and payable by Principal to PCW within thirty (30) business days of receipt of invoice. Delinquent payments hereunder shall earn

interest from the date due until paid at the lesser of: (i) the interest rate of one and one-half percent (1.5%) per month or (ii) the maximum rate permitted by law.

2.5 **Cross-Default Under the Franchise Agreement.** Principal's failure to remit payment of the Work Invoices in accordance with Section 2.4 above, shall constitute a default of this Agreement. Section 15(B)(14) of the Franchise Agreement states that any failure to pay PCW, its affiliates or any of its approved suppliers any amount that is due and owing is a default under the Franchise Agreement. Accordingly, pursuant to Section 15(B)(14) of the Franchise Agreement, you will have ten (10) days to cure the default of non-payment of the Final Invoice or risk termination of this Agreement and the Franchise Agreement.

SECTION 3. PCW'S DUTIES AND STATUS

3.1 **Service Standards.** PCW shall perform the Services with care, skill, and diligence, in accordance with the standards applicable generally to professionals performing similar services. PCW agrees to use good faith efforts to expedite the performance of all services and obligations required under this Agreement and any other agreements entered into by Principal which are managed or administered by PCW so that the Project is completed within the time schedule set forth in the Scope of Work.

3.2 **Independent Contractor.** Except as set forth below, PCW shall assume all duties under this Agreement as an independent contractor; and in no event shall this be considered an agreement of employment or partnership. Principal shall have no control or supervision over the particular manner or method by which PCW accomplishes the performance of the Services, such matters being in the exclusive charge and control of PCW. In all instances, PCW shall comply with all laws and all legal requirements of any governmental bodies having jurisdiction over PCW with respect to the Services to be performed hereunder. PCW shall be solely responsible for all wages and benefits owed to its employees, and Principal shall have no obligation with respect thereto.

3.3 **Agency Relationship.** For the avoidance of doubt, Principal hereby authorizes PCW to act in its name, place and stead, in any way in which Principal could act, in connection with the Services, including, without limitation, negotiating agreements, executing contracts, directing contractors, or approving plans or orders, for and on behalf of Principal. Such authorization shall continue until the Project is completed. Principal understands and agrees that PCW will execute contracts on its behalf and that Principal will be obligated to perform under such contracts, and liable for its failure to do so. Notwithstanding PCW's authority to sign documents on behalf of Principal, upon request from PCW, Principal shall either sign all documents pertaining to the Project or provide a detailed explanation of its reasons for not signing such documents, in either case, within a reasonable period of time after request from PCW. In the event that Principal does not sign any document so requested by PCW (subject to Principal's obligations under the Franchise Agreement or other agreement with PCW) then PCW shall have no liability to Principal for any delay or inability to complete the Project.

SECTION 4. LIMITATION OF PCW'S SERVICES

4.1 **Technical Matters.** PCW shall assist Principal in the evaluation of regulatory requirements, if any, related to the Project including zoning ordinances, public facilities requirements and other requirements of the jurisdiction in which the Project is located ("Technical Matters"), but Principal shall be responsible for all final decisions (subject to Principal's obligations under the Franchise Agreement or other agreement with PCW). In addition, PCW shall advise Principal as to experts to use for Technical Matters and shall coordinate the work of such experts with that of the other consultants, contractors, suppliers and service providers working on the Project in accordance with Section 1.2 above. Notwithstanding the foregoing, Principal acknowledges that PCW is not an expert in and is not responsible for Technical Matters, and Principal shall rely solely on the judgments of the expert's Principal hires with respect to such Technical Matters. Notwithstanding any professional license held by any employee of PCW (or its

affiliates), PCW shall not be deemed to provide professional services which constitute the practice of law, architecture or engineering or any other profession. Likewise, no employee of PCW (or its parents or its affiliates) shall be deemed to provide professional services for which he or she is licensed directly to Principal.

4.2 **Performance of Additional Service Providers.** PCW's role in performing the Services is to advise and assist the Principal in the completion of the Project. In accordance with the foregoing, Principal shall make and be responsible for all material decisions (subject to Principal's obligations under the Franchise Agreement or other agreement with PCW). PCW shall not be responsible for construction means, methods, techniques, sequences and procedures employed by the Additional Service Providers, or any subcontractors of the Additional Service Providers, in the performance of their contracts, and shall not be responsible for any such party's failure to carry out any work in accordance with the contract between such party and Principal.

4.3 **No Guaranties.** Principal acknowledges and agrees that PCW's obligation under this Agreement is to use reasonable efforts to cause the Project to be completed in accordance with plans and specifications, budgets, and schedules approved by Principal, but that PCW shall not be deemed to have given any guaranty or warranty that any of the foregoing can be accomplished and shall not be liable for the errors, omissions or breaches of contract by any other party providing goods or services to the Project, including any Additional Service Provider for the Project. PCW, however, shall promptly notify Principal when it reasonably anticipates that the Project cannot be constructed in accordance with the plans and specifications, Project Budget, and schedules approved by Principal. Specifically, without modifying the foregoing, if the cost of the Project exceeds the Project Budget approved by the Principal, PCW shall not be liable to Principal for such additional costs, except to the extent such excess cost is due solely to PCW's negligence or willful misconduct.

4.4 **Force Majeure.** PCW's obligations hereunder shall be suspended to the extent and for so long as the performance of such obligations are prevented or hindered in whole or in part by reason of strikes, acts of God, federal, state, county, or municipal laws, rules, orders, or regulations, or for any other cause which is beyond the reasonable control of PCW. When such a suspension occurs, PCW shall inform Principal, and PCW shall resume the performance of its obligations hereunder, as soon as is reasonably practicable.

SECTION 5. PRINCIPAL'S RESPONSIBILITIES

5.1 **Designate a Representative.** Principal shall have ten (10) days from the Effective Date of this Agreement to designate a representative who has the authority to act on behalf of Principal and be the point-of-contact in conversations with PCW ("Principal's Representative"). The Principal's Representative must have access to all documents related to Principal that may be requested by PCW, including without limitation, Federal Tax ID number, copies of the Certificate of Occupancy for the Car Wash and evidence of insurance coverage that is compliant with the terms set forth in the Franchise Operations Manual.

5.2 **Excluded Services.** Principal acknowledges that certain services will not be provided by PCW, unless agreed to in writing by separate agreement (the "Excluded Services"). The Excluded Services shall include the following items and tasks:

- a. Principal shall be responsible for engaging its own information technology ("IT") associates to assist in the removal installation of the Point of Sale ("POS") computers, phones and printers (collectively, the "IT Equipment").

- b. Principal is responsible for applying for and payment of the utilities related to the Car Wash, including without limitation, electrical services, gas services, water and sewage services.
- c. Principal is responsible for applying for and payment of the phone lines and T-1 services required to operate the Car Wash.
- d. Principal is responsible for the application and payment of all appropriate business licenses as may be required by its local and/or governmental agency.

SECTION 6. DEFAULT AND TERMINATION

6.1 **Right to Terminate.** This Agreement shall terminate upon Completion of the Project; provided, however, either party may terminate this Agreement in the event of a material default hereunder by the other party if such default has not been cured within ten (10) days after written notice to the other party.

6.2 **Payment Upon Termination.** If this Agreement is terminated prior to Completion of the Project, PCW shall compile all unpaid Work Invoices for any fees paid by PCW to the Additional Service Providers or for reasonable expenses incurred as a result of termination (collectively, the "Final Invoice") and remit the Final Invoice to Principal with a request for payment. Principal shall remit payment in full of the Final Invoice to PCW no later than thirty (30) business days after receipt of invoice. Delinquent payments hereunder shall earn interest from the date due until paid at the lesser of: (i) the interest rate of one and one-half percent (1.5%) per month or (ii) the maximum permitted by law.

6.3 **Cross-Default Under the Franchise Agreement.** Principal's failure to remit payment in accordance with Section 6.2 above, shall constitute a default of this Agreement. Section 15(B)(14) of the Franchise Agreement states that any failure to pay PCW, its affiliates or any of its approved suppliers any amount that is due and owing is a default under the Franchise Agreement. Accordingly, pursuant to Section 15(B)(14) of the Franchise Agreement, you will have ten (10) days to cure the default of non-payment of the Final Invoice or risk termination of the Franchise Agreement.

SECTION 7. INDEMNIFICATION

7.1 **PCW's Indemnity.** PCW shall indemnify, defend and hold Principal, its subsidiaries and affiliates and the employees, partners, officers, directors, members, shareholders and agents of each harmless from any and all losses, liabilities, costs and expenses, including reasonable attorney's fees and court costs (except to the extent covered by insurance carried by Principal and/or any Additional Service Provider), arising out of claims by third parties and sustained or incurred by or asserted against Principal by reasons of or arising out of PCW's gross negligence, intentional misconduct or fraud in connection with this Agreement, the Project or the Services.

7.2 **Principal's Indemnity.** In addition to and without limiting PCW's rights under the Franchise Agreement, Principal shall defend (with counsel reasonably acceptable to PCW), indemnify and hold harmless PCW, its parent, subsidiaries and affiliates and the employees, partners, officers, directors, members, shareholders and agents of each from and against all losses, liabilities, costs and expenses (including, without limitation, reimbursement of actual attorney's fees, expert witness fees and court costs) incurred either as a defendant or witness and arising out of claims by third parties in connection with this

Agreement, the Project or the Services, except to the extent such claims arise out of PCW's gross negligence, intentional misconduct or fraud.

SECTION 8. MISCELLANEOUS

8.1 **Complete Agreement**: This Agreement and any Attachments attached hereto, which are incorporated herein by this reference, together with the Franchise Agreement, contain the entire agreement between Principal and PCW with respect to the Project and Services, and it supersedes and replaces all previous agreements, whether written or oral, with respect to the subject matter of this Agreement. If there is an inconsistency between any provision of this Agreement and the Franchise Agreement, the provision of this Agreement controls. This Agreement may not be changed, modified, amended, or discharged, except by an agreement in writing.

8.2 **Advertising**. Principal agrees that PCW may identify in its corporate promotional literature and advertising that it is the project manager for the Project and that PCW may use photographs and renderings of the completed Project in such advertising and promotional records.

8.3 **Successors and Assigns**. Principal may not assign any of its rights or obligations under this Agreement except in connection with a transfer that PCW approves under the Franchise Agreement. PCW may assign its rights and/or obligations hereunder to its parent, an affiliate or to any other entity without restriction. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns.

8.4 **Limitation on Liability**. Notwithstanding anything else contained herein to the contrary, each party shall look solely to the assets of the other party for satisfaction of any liabilities or obligations relating to this engagement, and no officer, director, employee, partner, affiliate, shareholder or agent of either party shall be personally responsible for any such liabilities or obligations. In addition, and without limiting the parties' rights and obligations under the Franchise Agreement, each party waives any claims for punitive, consequential, speculative or exemplary damages, including, without limitation, lost revenue or profit, arising solely from the Services or any breach of this Agreement even if a party has knowledge of the possibility of such damages; and, except for PCW's liability under Section 7 above, in no event shall PCW's liability to Principal with respect to the Project exceed the total cost of the Project.

8.5 **Incorporation of Terms**. The provisions of Section 21 the Franchise Agreement, entitled Governing Law and Dispute Resolution, including, without limitation, the parties' mediation obligations, are incorporated into this agreement by this reference as if fully restated here.

<Signatures on Following Page>

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

PCW:

Prime Car Wash Franchising, LLC

By: _____

Name:

Title:

Date: _____

PRINCIPAL:

By: _____

Name:

Title:

Date: _____

ATTACHMENT A

SCOPE OF WORK

Site Selection:

Engage real estate broker and manage same;
Site visits to local market as PCW believe reasonable or necessary; and
Present approved site options to Principal for final section.

Design:

Engage Architect and manage same
Engage civil engineer and manage same
Act as liaison between architect and Principal to schedule and complete a site survey of the space;
Coordinate site plans and building plans
Work with PCW's architect to design fixture layout;
Schedule a call with Principal to finalize the floor plan and receive final approval;
Once approved, remit the layout to the construction manager to start the bidding process; and
Oversee pre and post-construction, manages all General Contractor, design, and fixture invoicing.

Construction Manager:

Conduct a Car Wash visit to prepare the initial Scope of Work document;
Once the floor plan is received, compile a preliminary budget;
Forward the floor plan to the General Contractor and request initial bid along with the fixture and finish take-offs/demolition;
Submits the fixture and finish order to the General Contractor; and
Schedules and conducts pre-construction call with General Contractor, Car Wash manager and Principal or their designate.

Construction Coordination:

Manage local and state permitting and entitlements (building permits, etc.);
Engage/hire General Contractor;
Manage General Contractor throughout pre-construction and during construction;
Obtain utility approvals; and
Manage the vendors and the entire delivery process to and from the Car Wash.

EXHIBIT K
TO THE TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Kentucky, Indiana, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	Not Registered
Florida (exemption)	Effective
Hawaii	Not Registered
Illinois	Not Registered
Indiana	April 25, 2025
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Utah	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	April 25, 2024

EXHIBIT L
TO THE TO THE PRIME CAR WASH FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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

If PRIME CAR WASH FRANCHISING LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale or grant or, if you live in New York and Rhode Island, at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If PRIME CAR WASH FRANCHISING LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

□	□	□	□
Attn: Robert Hatfield	_____	_____	_____
PRIME CAR WASH	_____	_____	_____
FRANCHISING LLC	_____	_____	_____
10150 Lantern Road	_____	_____	_____
Suite 110	_____	_____	_____
Fishers, IN 46037	_____	_____	_____

Issuance Date: April 25, 2024

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated April 25, 2024, that included the following:

- | | |
|--|---|
| Exhibit A – List of State Administrators and Agents for Service of Process | Exhibit G – Sample Form of General Release |
| Exhibit B – Franchise Agreement | Exhibit H – List of Franchisees |
| Exhibit C – Development Agreement | Exhibit I – List of Franchisees that Left the System in the Past Year or That Have Failed to Communicate with Us in the 10 Weeks Preceding the Issue Date |
| Exhibit D – Financial Statements | Exhibit J – Project Management Agreement |
| Exhibit E – State Specific Addenda | Exhibit K – State Effective Dates |
| Exhibit F – Operations Manual Table of Contents | Exhibit L - Receipts |

Date _____
Prospective Franchisee

Printed Name

Individually and as an officer, partner, member or manager of _____, a _____ organized under the laws of _____.

You may return one copy of this receipt either by signing, dating and mailing it to PRIME CAR WASH FRANCHISING LLC, 10150 Lantern Road, Suite 110, Fishers, IN 46037.

RECEIPT

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

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The name, principal business address and telephone number of each franchise seller offering the franchise is:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attn: Robert Hatfield	_____	_____	_____
PRIME CAR WASH	_____	_____	_____
FRANCHISING LLC	_____	_____	_____
10150 Lantern Road	_____	_____	_____
Suite 110	_____	_____	_____
Fishers, IN 46037	_____	_____	_____

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Prospective Franchisee

Printed Name

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