

# Franchise Disclosure Document



Driving Academy Franchising, Inc.  
a New Jersey corporation  
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The Franchise offered is for the operation of a truck driving school that provides classroom and hands-on truck driver training programs to help people prepare for the commercial driving license written exam and road test. This is a service-oriented business using specialized equipment, our proprietary curriculum and processes to provide comprehensive commercial truck driving training programs performed by certified and licensed instructors, under the name “Driving Academy™”. The total investment necessary to begin the operation of a Driving Academy™ franchised business ranges from \$224,200 to \$557,300. This includes \$86,000 to \$203,500 that must be paid to the Franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact:

Jonathan Marques, President  
Driving Academy Franchising, Inc.  
200 East Edgar Road  
Linden, New Jersey 07036  
(908) 525-3609

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

We currently do not engage the services of franchise brokers.

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

Issuance Date: April 30, 2023

## 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:

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

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

### Some States Require Registration

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

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 New Jersey. 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 New Jersey than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

# Franchise Disclosure Document [FDD]

Driving Academy Franchising, Inc.

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

The Franchisor is Driving Academy Franchising, Inc., a New Jersey corporation, doing business as “Driving Academy™.” For ease of reference, Driving Academy Franchising, Inc. will be referred to as “we,” “us,” “our,” “DAF” or “Franchisor” in this Disclosure Document. We will refer to the person or entity who buys the Franchise as “you,” “your,” or “Franchisee,” throughout this Disclosure Document. If you are a corporation or limited liability company, partnership or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners, or owners and will be noted. Any such entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.”

We are a New Jersey corporation incorporated on June 18, 2021. We do business under the same name as our corporate name “Driving Academy Franchising, Inc.” and may also use the name “Driving Academy”. Our principal business address is 200 East Edgar Road, Linden, New Jersey 07036. We operate and sell franchises for the operation of a business known as “Driving Academy™” (the “Business”, “Franchise” or “Franchised Business”). We offer a franchise agreement (“Franchise Agreement”) for the development and operation of a truck driving school, within a protected territory. This is the first time DAF has offered franchises of the type described in this Disclosure Document and DAF has never offered franchises in any other line of business. At this time, there is currently one Driving Academy™ franchised outlet open and operating in the United States.

Our agents for service of process are disclosed in Exhibit B.

Our Predecessors and Affiliates:

We have no parents. We have no predecessors. The following is a list of DAF’s affiliates including principal addresses and number of locations for each.

Our affiliate, Driving Academy, Inc. (“DAI”), owned by Jonathan Marques, is a New Jersey corporation that was formed on September 7, 2016. DAI shares the same physical address as us and operates one Driving Academy™ business substantially similar to the Franchised Business being offered by us. We and DAI are independent entities and DAI does not assume any of our legal or other obligations or us of theirs. DAI does not offer franchises.

Our affiliate, Cosa Bella, Inc. (“CBI”) is a Pennsylvania corporation that was formed on August 5, 2004, and purchased by Jonathan Marques in November 16, 2018. CBI’s physical address is 2201 Green Lane, Levittown, PA 19057, and currently operates a CDL testing center. We and CBI are independent entities and CBI does not assume any of our legal or other obligations or us of theirs. CBI does not offer franchises. If your Franchised Business is located in close proximity to CBI, we may recommend or require that your students take their driving test at CBI in our sole discretion.

Our affiliate, J Crown, Inc. (“JCI”), owned by Jonathan Marques, is a New Jersey corporation that was formed on May 1, 2020. JCI shares the same physical address as us, does not operate any businesses and is a management company only providing administrative and management services to our affiliates DAI and CBI. We and JCI are independent entities and JCI does not assume any of our legal or other obligations or us of theirs. JCI does not offer franchises.

## Our Business and the Franchises Offered:

The Driving Academy™ business model has been developed to offer a full-service, affordable and cost-effective solution for people who are seeking to learn how to drive large commercial trucks and busses, prepare for the written exam and gain the experience to pass the state required road test to secure their commercial driver's license. The Driving Academy™ philosophy is about helping people achieve their goals of becoming a professional truck driver by instilling self-confidence and providing them with the knowledge and behind-the-wheel experience necessary to secure their commercial driver's license, all within a comfortable, non-intimidating and judgement-free environment. This business is typically located within a strip center, mixed-use property, office complex, industrial park or free-standing structure each of which must have access to at least an acre of empty lot space (all of which must be approved by us). Each Driving Academy™ franchise will use our proprietary curriculum ("Curriculum") to provide different commercial truck driving training packages and ala cart commercial truck driving training programs that include our: signature classroom commercial driving license training programs for commercial trailers, semi-trucks and busses (Class A, Class B and commercial driver license endorsement) that incorporates practice tests, hands-on virtual driving training programs using our real-life simulator, behind-the-wheel training on our designated truck driving course in either a commercial truck/trailer, semi-truck or bus, different payment plan options and our proprietary service guarantee program in addition to commercial truck driving job placement services and other commercial truck driving related services and products approved by us. We may authorize you to offer additional services and products in the future such as: state certified testing services for the road test for someone to secure a commercial driver's license, sale of commercial trucks and other commercial truck driving or transportation-related services and products approved by us.

Competition includes state operated driving instruction programs, local and/or state approved driving schools and to some extent online businesses offering similar services to those offered by Driving Academy™ businesses. Generally, there is no seasonality to this business. The commercial truck driving industry in general is becoming highly competitive throughout the United States as the market is continuously changing and evolving; therefore, the need for comprehensive commercial truck driving education and training is in demand. The concept of operating a truck driving academy that offers training to become a commercial truck driver had not been previously developed until we started our concept. We plan controlled expansion into areas that we determine can support a Driving Academy™ business to improve name recognition and our reputation through Franchised Businesses.

The Driving Academy™ business is characterized by our: services and Curriculum complemented with specific methods, processes, formulas and techniques when teaching students and performing services; proprietary commercial truck driving job placement guarantee program, specifications for equipment and products used in the Business, purchasing strategies, relationships with vendors and suppliers, safety and operational procedures, quality and uniformity of all services offered; build out specifications with furnishings, unique décor, color scheme and signage; our website, franchise web page housed within our national website and intranet system incorporating our commercial truck driving job placement board, proprietary software, third-party software, photographs, videos, contracts and forms; guidelines for hiring and training and retaining employees; proprietary student acquisition and retention programs, networking, advertising, marketing, social media, and promotional strategies and materials; cost controls, management, administrative and record keeping procedures; the Driving Academy™ confidential operations manual ("Operations Manual") and other manuals and materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (collectively, the "System").



## Laws and Regulations:

You should be aware that there are state and federal regulations that are specific to a Driving Academy™ Business and in most instances, city or other local laws and regulations you will have to follow. Examples of federal laws and regulations include but are not limited to: the Occupational Safety and Health Act (“OSHA”), Comprehensive Environmental Response Compensation and Liability Act, Federal Hazardous Waste Management laws, Environmental Protection Agency (“EPA”), Equal Employment Opportunity Commission (“EEOC”), Federal Trade Commission (“FTC”) and other similar federal laws and regulations.

In addition, all states and counties have licensing requirements which require you to be licensed by your state agency and have a commercial driving instructor license in order to perform such services. Licensing requirements vary from state to state and may include all or a combination of the following: instructor training; testing; background checks and fingerprinting; payment of licensing and application fees; minimum length of experience to qualify for such license (which include minimum number of hours of behind the wheel instruction); minimum insurance requirements; curriculum requirements; facility location requirements; and minimum equipment requirements for vehicles. If you do not have a commercial driving instructor license or any other type of license or certification as required by your state or the minimum length of experience needed to qualify for such license or certification, then you must obtain such license or certification or hire (partner with) one individual who has such license or certification (if applicable) prior to signing the Franchise Agreement. Depending on the licenses and/or certifications that are required by your state or county, your license and/or certification (or such license or certification of your partner or any one representing your interests) must remain in good standing throughout the term of your Franchise Agreement. If your license or certification or your partner’s or any one representing your interests (such as other instructors) and such license or certification (such as a commercial driving instructor license or any other license and/or certification depending on what your state requires) is revoked, suspended or restricted, or if an action to do so is begun by a governmental agency, you must immediately notify us and refrain from performing such work. We may also decide to terminate your Franchise Agreement if you cannot reinstate the license or cure the problem within 60 days of written notice to you. You are responsible for knowing and complying with all laws, regulations, licensing and certification requirements.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws in addition to obtaining and keeping in force all necessary bonds, license, permits, certifications, and registrations required by public authorities, since they vary from place to place and can change over time. We recommend that before signing the Franchise Agreement, you engage an attorney or other professional advisor to assist you in both determining what laws, ordinances and regulations may affect your establishment or operation of a Driving Academy™ Business, and in complying with them.

We have not offered franchises in other lines of businesses in the past. We do not engage in any business other than the offer of franchises.

## **ITEM 2** **BUSINESS EXPERIENCE**

**President: Jonathan Marques.** Jonathan is the founder of the Driving Academy™ concept and has been serving as President since our inception in June 2021. From September 2016 to present, he has been serving as President for our affiliate, Driving Academy Inc. based out of Linden while also serving as President for our affiliate Cosa Bella, Inc. from November 2018 to present based out of Levittown, Pennsylvania.

**Director of Training: Anthony Johnson.** Anthony has been serving as Driving Academy Inc. Director of Training since July 2021. From August 2018 to present he has been serving as a Yard Manager for our affiliate, Driving Academy Inc. based out of Linden, New Jersey. Previously, he was a Training Manager for Comcast from September 2013 to July 2018 based out of Princeton, New Jersey.

**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**

You must pay us an initial fee (“Initial Franchise Fee”) of \$50,000 for a Driving Academy™ Franchised Business upon signing your Franchise Agreement. The Initial Franchise Fee is fully earned and non-refundable in all or in part in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others. You must purchase and maintain a startup inventory of product, supplies and equipment from us, our affiliates or our approved vendors and/or suppliers which is estimated to cost as low as \$4,000 and as high as \$7,500. No refunds are available under any other circumstances. You will also be required to pay for the vehicles and vehicles graphics which is estimated to be between \$32,000 and \$146,000 before opening your business. Whether or not payments made for the purchase of your Vehicles and the graphics are refundable depends on the terms and conditions offered by your dealer. We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise.

At the time you sign your Franchise Agreement and anytime you are in good standing under your Franchise Agreement, you may purchase additional franchises for \$25,000 each if we offer additional franchises to you and if you meet the following minimum conditions: (a) you must satisfy our then-current qualifications and training requirements; (b) you must not be in default of the Franchise Agreement; and (c) you must execute our then-current franchise agreement.

The Initial Franchise Fee is paid in a lump sum at the time the Franchise Agreement is signed, is nonrefundable and is deemed fully earned upon the opening of the Business for the deliverables described above and as provided in the Franchise Agreement.

We may choose to offer you an option to be awarded a Driving Academy™ Franchise, on the terms set forth in the Option Agreement attached as Exhibit F (“Option”). Under the Option Agreement, you have six (6) months (the “Option Term”) to enter into a Franchise Agreement for your second Franchised Business or additional Franchised Businesses. In exchange for the Option, you pay a non-refundable fee of \$10,000 (“Option Fee”) that: will be credited towards the franchise fee for an additional franchise if you exercise your Option to buy an additional franchise during the Option Term. The Initial Franchise Fee upon exercise of an Option for a second franchise will be the same as the Initial Franchise Fee without an Option. You must complete the purchase during the Option Term of the Option Agreement. The Option Fee remains not refundable once paid.

We have established a program for qualified veterans of the United States who have been honorably discharged to receive a discount of 10% off the Initial Franchise Fee when purchasing a franchise. This program does not apply to additional franchises. We retain the right in our sole discretion to modify or terminate this veteran discount program at any time with or without notice. The factors concerning our decision to modify or terminate the veteran discount program include the number of franchises that we sell, the number of veterans that are interested in purchasing a franchise, and the quality of veteran applicants that we receive.

**ITEM 6**  
**OTHER FEES**

<b><u>Type of Fee</u></b>	<b><u>Amount</u></b>	<b><u>Due Date</u></b>	<b><u>Remarks</u></b>
Royalties	10% of Gross Revenues per calendar month starting immediately either once you start enrolling students, collecting, fees for packages or programs or when your Business is open for	Due by the 5 <sup>th</sup> day of each month for the previous month.	See Note 1
System Advertising Fee	1% of Gross Revenues per calendar month starting immediately either once you start once you start enrolling students, collecting fees for packages or programs or when your Business is open for operation (whichever comes first).	Due by the 5 <sup>th</sup> day of each month for the previous month.	We may increase this fee upon 90 days' notice to you. However, your total contribution will not exceed 3% of Gross Revenue per month in any calendar year See Note 2 and Item 11.
Local Advertising	Minimum of \$9,000 per calendar quarter after the opening your Business except your first quarter will be pro-rated taking into account the amount of monies you spent on Grand Opening expenses two months prior and one month after opening your Business	Spent by you to promote your Business locally.	See Item 11
Interest and Late Charges	10% per annum plus \$25, or maximum rate allowed by law if lower.	After due date of fees.	See Note 3

<b><u>Type of Fee</u></b>	<b><u>Amount</u></b>	<b><u>Due Date</u></b>	<b><u>Remarks</u></b>
Additional Training	\$250 per person per day or costs of third-party charges.	At time training is scheduled and/or additional assistance is requested by you.	While the Initial Franchise Fee includes the cost of our initial training program, the Initial Franchise Fee only covers training for up to four individuals.  Additionally, this fee is applicable upon an approved transfer of the Franchise for the initial training program and additional training.
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) up to the maximum interest allowed by law.	Ten days after receipt of audit report.	Payable if you understate Gross Revenues by 2% or more and you also pay the cost of the audit. We expect the cost to be between \$3,500- \$6,500 unless your financial records are not well kept.
Costs and Attorney's Fees	Will vary under circumstances.	As Incurred	Payable as incurred by us in obtaining injunctive relief or the enforcement of any item of the Franchise Agreement. Note 4
Indemnification	Will vary under circumstances.	On Demand	Payable as Incurred; See Note 4.
Software Fees and Ongoing Support	Currently \$500-\$550 per user per month for the use and ongoing support of our proprietary customer relationship management software necessary for the operation of your Business.	Monthly	Payable to us or our affiliates. See Note 5
Text Messaging Service Fee	Currently \$.0075 per text message	On Demand	Payable to us, our affiliates and/or approved vendors. See Note 6
Web Page Edits, Updates, Changes, Maintenance and Promotion Fee	Currently at \$65-\$125 per hour that may be necessary to update and/or promote your web page.	As Incurred	Payable to us, our affiliates and/or approved vendors. See Note 7
Product, Vendor and Equipment Assessment Fee	\$300 per product or vendor \$500 for equipment testing	On Demand	Payable to us. See Note 8

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Renewal Fee	A flat \$15,000 for each Franchise	At the time of the fifteen-year renewal period for each franchise.	For the same protected area.
Transfer Fee	A flat fee of \$2,500 when you transfer a part of the Business (less than 49% of all the assets) or a flat fee of \$10,000 when you transfer all the Business (49% or more of all the assets).	At the time the transferee signs the Franchise Agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred.
Resale Fee	Varies	On Demand	If you ask and we agree to assist you in finding a buyer for your Business, you pay us a fee to cover our costs and expenses, including time committed by our personnel.
Temporary Management	Actual Costs	On Demand	Upon death or disability, a manager who completed our training, must be employed to operate the Business. If not done, we can appoint manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge against those revenues, the amount of our expenses.
Conference Fee	Conference fee, travel, transportation, lodging, meals, and incidental expenses in addition to compensation of the people you send to any conferences. Will vary under circumstances. There will be a registration fee for conferences not to exceed \$1,000 per person although we will attempt to keep the cost, so it does not exceed our cost.	As Incurred	As Incurred and payable to third parties and us.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Refresher Training and/or Continuing Education	Will vary under circumstances. Refresher or continuing education is estimated not to exceed \$250 per person per day plus your travel expenses or our expenses if we come to your location.	As Incurred	The location for refresher training and/or continuing education will be at our headquarters although we reserve the right to provide them over the Internet or phone. There may be an annual conference for all franchisees to attend and other conferences as needed.
Liquidated Damages	Will vary under circumstances.	As Incurred.	Payable to us when the Franchise Agreement is terminated prior to its expiration date without our approval

Except as stated above, you pay all fees to us, and they are uniformly imposed. All fees are nonrefundable.

**Note 1:** Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Franchised Business or with this Franchise, whether on or off your premise. This includes any revenue you receive from the performance of services in addition to revenue received from enrolling students and/or fees you collect for packages or programs (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees; monthly, semi-annual, or yearly dues and all revenues generated and derived during any presale of any package or program) and from the sale of all products (if we authorize you to sell products in the future). Gross Revenue also includes fair market value for any product or service you receive in barter or exchange for your services or products, the retail value of any discounted, donated and/or complimentary (free) services or products you provide and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only (i) gratuities paid by students to employees of the Business; (ii) service fees for credit card transactions, sales tax receipts and governmental fees that you must by law collect or pay; (iii) any student refunds of previous payments you actually make in good faith; (iv) revenues from any sales taxes, other add on taxes or required governmental fees you collect from students for transmittal to the appropriate taxing or governmental authority; and (v) the retail value of any discounted, donated and/or complimentary (free) services or products offered up to a maximum of 4% of Gross Revenues for the Business. We have the right to change, modify or discontinue your ability to exclude discounted, donated and/or complimentary services and/or products from the Gross Revenue calculation for any reason whatsoever upon 90 days' notice to you.

The royalty obligation begins immediately once your Business is deemed open for operation then continues for the term of your Franchise. Your Business is deemed open for operation either once you either start: (i) enrolling students; (ii) collecting any type of fees for packages or programs; or (iii) when your facility is physically open for operation (whichever comes first). The royalty is due and payable monthly on the 5<sup>th</sup> day of each month but is to be received how we specify. The royalty rate is 10% of your Gross Revenues per calendar month for the entire term of your Franchise Agreement. If your Franchise Agreement is terminated, you may be required to continue royalty payments for the remaining term of your Franchise Agreement.

Royalty fees shall be payable by direct deposit from franchisee's account to us and all royalty fees are imposed by us only. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the time and manner of payment upon written notice to you. All royalty fees are non-refundable. All royalty fees are uniformly imposed, payable only to us, and collected only by us.

**Note 2:** You will pay us a System Advertising Fee contribution equal to 1% of your monthly Gross Revenues as defined in the Franchise Agreement. The System Advertising Fee is collected by us and all System Advertising Fees are non-refundable. The payment of the System Advertising Fee begins once your Business is deemed open for operation (as defined in Note 1) and is due on the 5<sup>th</sup> day of each month, then continues for the term of your Franchise. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% per month of your Gross Revenues in any calendar year. Gross Revenue is defined in the Franchise Agreement and in Note 1 above. You pay the System Advertising Fee contribution at the same time and under the same terms as the royalty fee described above.

We will place the System Advertising Fee contributions in a separate bank account. We may use this fund for marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research and development, administration (including our salaries, accounting, collection, legal, and other costs), related expenses, and any media costs (including media production costs). We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend advertising funds for activities that are principally a solicitation for the sale of franchises. There is no fiduciary relationship between us and you concerning any System Advertising Fee contribution. All System Advertising Fees are payable only to us and collected only by us. System Advertising Fees are uniformly imposed on all franchisees. System Advertising Fees are non-refundable.

**Note 3:** Interest and late charges begin to accrue from the due date of payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments, provided no interest shall exceed the maximum legal rate, which in California is 10% per annum. All interest and late charges are payable only to us, collected only by us, uniformly imposed and non-refundable.

**Note 4:** You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. All indemnification costs are payable only to us and collected only by us. Indemnification costs will vary depending on the amount of damages, and attorneys' fees that we incur to collect any amounts due and owing by you according to the Franchise Agreement or to enforce the Franchise Agreement. Indemnification costs are non-refundable.

**Note 5:** You will be provided with access to our proprietary customer relationship management software at no cost to you during our initial training program. You are required to use our proprietary customer relationship management software program for the operation of your Business. This software program is specific to your Business that manages all leads, student information and payments, provides scheduling and reporting functionality, allows you send text notifications and integrates well with other third-party software programs. The software fee is for the usage and ongoing support of such program is currently \$500-\$550 per month regardless of the number of users or the size of your database. Software fees are payable to us or our affiliates.

It is your responsibility to install and upgrade all software used for your Business. It is also your responsibility to install and upgrade any technology and networking functionality necessary to implement and continue to use such software. You will have sole authority and control over the use of all software, day-to-day operations of the Business and your employees. At no time will your employees be deemed to be employees of ours. Software fees are non-refundable, uniformly imposed and we may change the software requirements upon 90 days' prior written notice to you and you will be required to adhere to the new software requirements and fees at your own expense. Software fees may be changed in response to any increase in the United States Consumer Price Index; if additional functionality and/or features become available; or if we believe that conditions in the overall economy or in the market for such software warrant any change in fees. Software fees are uniformly imposed, non-refundable and collected by us or our affiliates.

**Note 6:** You will be required to use text messaging service for your Business. It is your responsibility to manage the text messaging service for your Business. Currently text messaging service fees are \$.0075 per text message and payable to our approved vendors or third parties. We may change such text messaging service requirements upon ninety (90) days' written notice to you and you will be required to adhere to our new text messaging service requirements at your own expense. Text messaging service fees may increase or decrease depending on your usage, may increase from our vendors in response to any changes in the United States Consumer Price Index, if additional services are purchased or if conditions in the overall economy or in the market for such text messaging services warrant any change in fees. Text messaging service fees are non-refundable.

**Note 7:** We, our affiliates and/or our approved vendors will complete all changes, updates, and promotions to your web page. Any requests for changes or updates to the content of your web page and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, our affiliates and/or our approved vendors. We will respond to you within 30 days of our receipt of your request for all web page changes. The web page maintenance and promotion fee is currently \$65-\$125 per hour and is payable to us, our affiliates, or our approved vendors. We may change our web page maintenance and promotion fee requirement upon 90 days' notice to you and you will be required to adhere to our new web page maintenance and promotion fee requirements at your own expense. The fees may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features, if we choose to provide additional web pages, or if we believe that conditions in the overall economy or in the market for such services warrant any change in fees. Web page maintenance and promotion fees are non-refundable and are uniformly imposed and collected only by us, our affiliates, or our approved vendors.

**Note 8:** You will be required to obtain our written approval for any product, vendor and/or supplier or piece of equipment that you wish to use in the operation of your Business (as described in Item 8) and you will be responsible for paying us an assessment fee. This fee is \$300 for any single product, vendor and/or supplier you wish to offer, use and/or substitute in your Business. The fee for equipment testing is a minimum of \$500 per piece or any reasonable amount we determine from time to time. We may waive these fees if the equipment, products, vendors and/or suppliers you select meet our requirements and are added to our approved list of equipment, products, vendors and/or suppliers for all franchise locations. All product, vendor and equipment testing assessment fees are payable only to us and collected only by us. Product, vendor, and equipment testing fees are non-refundable and are uniformly imposed.



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

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$50,000	\$50,000	Lump sum; the Initial Franchise Fee is \$50,000, which includes a defined territory, a self-study program, comprehensive training, a startup kit and a web page. This franchise fee is non-refundable.	At signing of the Franchise Agreement.	Franchisor See Item 5 and Note 1
Technology	\$9,700	\$15,000	As incurred for a computer or laptop, tablets, software, printer, copier, router, modem, monitors, flat screen televisions, camera surveillance system and phone system.	Before Opening.	Payable to approved vendors See Note 2
Equipment, Furniture and Fixtures	\$65,000	\$189,000	As incurred; estimated expenses for all equipment, furniture, and fixtures necessary for the operation of your Business.	Before Opening.	Payable to approved vendors See Note 3
Real Estate	\$14,950	\$27,700	As incurred; estimated expenses for your business location and is based on leasing a space with 1,500 to 2,500 square feet which includes leasing an empty lot space for your driving course . This estimate includes first month's rent plus a security deposit.	Before Opening.	Landlord See Note 4
Leasehold Improvements	\$1,500	\$21,500	As incurred; the costs to construct interior alterations, improvements and decorating the facility all of which will depend on the extent of the renovations needed and any allowance you negotiate with your landlord for construction.	Before Opening.	Landlord See Note 5
Utilities	\$200	\$500	As incurred; costs will vary due to policies of local utilities and this estimate includes a utility deposit.	Before Opening.	Local Utility Suppliers
Signage	\$3,500	\$6,000	Lump sum; estimated cost for the delivery and installation of exterior signage and window graphics. We specify and provide you with the guidelines in the Operations Manual. Signage expenses are not refundable.	Before Opening.	Approved Vendors
Start Up Inventory	\$4,000	\$7,500	Lump sum: estimates for a startup inventory of approved products and supplies necessary for your first month of operation.	Before Opening.	Payable to approved vendors See Note 6
Grand Opening Marketing	\$3,000	\$5,000	As incurred; marketing will vary depending on several factors including your business plan, growth rate and cost of media in your area. You must have a minimum amount of \$3,000 before you open to spend on a grand opening marketing, which must be spent one month prior to opening.	Before Opening	Local Vendors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
Vehicles	\$27,500	\$135,000	As incurred; you must have a minimum of one single axel manual tractor, one single axel automatic tractor, one passenger bus and trailers that meet our appearance standards for the operation of your Business.	Before Opening	Third Parties See Note 7
Vehicle Graphics	\$4,500	\$10,800	Lump sum; estimated costs for placing approved graphics on your Vehicles. We specify and provide you with vehicle graphic guidelines in the Operations Manual.	Before Opening	Payable to approved vendors See Note 8
Staffing	\$12,000	\$30,800	As incurred; you will need to hire part-time admission representatives, administrative help and some franchisees may need to hire a certified instructor. The low-end estimate takes into account you hire part-time admission representatives, you perform all administrative duties and you are the instructor and manager. The high-end estimate takes into account that you hire part-time admission representatives, you hire a certified instructor, you perform administrative tasks and you are the manager.	Over the period before opening that you hire these employees or contractors.	Salaries and Expenses
Insurance	\$850	\$2,000	Lump sum: before commencing operation of the Business and as required by the insurance company.	Spent over the course of 12 months Must pay for at least one month before opening	Payable to third parties See Note 9
Travel, Lodging and Meals for Initial Training Program	\$1,950	\$4,000	As incurred; training held at corporate headquarters. You are responsible for all costs associated with attending such as travel, room, and board for each person. Estimates provided are costs for one person. Additional training is available at your request for which an additional training fee of up to \$250 per person per day may be required.	As Incurred.	Third parties
Business Licenses, Permits, Certifications and other Professional Fees	\$550	\$2,500	As incurred; licenses, permits and certifications required to operate your Business and any professional legal and accounting fees incurred.	Before Opening.	Appropriate licensing authorities and Third Parties
Additional Funds (3 months)	\$25,000	\$50,000	As incurred; additional funds necessary for start-up of your Business which includes working capital.	Spent over the course of first 3 months.	Third Parties See Note 10
<b>Total</b>	<b>\$224,200</b>	<b>\$557,300</b>			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

**Note 1:** We will provide you with a startup kit that includes various supplies and marketing materials to help accelerate the opening of your Business. The startup kit will be provided to you at our cost as part of your franchise fee and includes, but is not limited to: business cards, brochures, flyers, workbooks and logoed apparel. You will need to add to this kit when you run out of such items and all items must be purchased through us, our affiliates or approved vendors and/or suppliers.

**Note 2:** You must purchase a variety of technology items for the operation of your Business as specified in the Operations Manual. Both the low and the high estimates represent current costs for: computers or laptops, tablets, software, one printer combination machine, modems and routers, monitors, flat screen televisions, camera surveillance system and a phone system. The low end of this estimate represents costs for: five computers or laptops, software, ten tablets, one printer combination machine, four monitors, three flat screen televisions, camera surveillance system with six cameras and a phone system. The high end of the estimate represents costs for: seven computers or laptops, fifteen tablets, software, one printer combination machine, modems and routers, four monitors, four flat screen televisions, camera surveillance system with ten cameras and a phone system. You must purchase only approved technology items that meet our specifications, which may change from time to time. All such items must be purchased through us, our affiliates and/or vendors or suppliers approved by us and may or may not be refundable depending on the terms of the purchase agreement.

**Note 3:** This is an estimate for the items you will need for all equipment, furnishing and fixtures. You must purchase various pieces of equipment for the operation of the Franchised Business as specified in the Operations Manual. The type of equipment you will need to operate the Business includes, but is not limited to: driving simulators, microwave, mini refrigerator and a tankless water cooler. The furnishing and fixtures necessary to operate your Business include but are not limited to: desks, office chairs, student chairs, tables, cabinets and shelving units for the operation of your Business. The low end of the estimate represents all equipment, furniture and fixtures needed for a 1,500 sq. foot facility that has an adjacent empty lot and the high end of the estimate represents all equipment, furniture and fixtures needed for a 2,500 sq. foot facility with a remote empty lot that incorporates a 500 sq foot construction/office trailer with limited equipment, furnishings and fixtures. We base our estimates on the costs that our affiliate incurred in opening their company-owned locations. Actual equipment, furniture and fixture cost may vary due to square footage and if you choose to finance rather than purchase the driving simulators. If applicable, you must also pay state and local sales tax on purchases of equipment, furnishing and fixtures. The sales taxes may range from 3%-10% of the purchase price and are not included in these estimates. You are responsible for paying all applicable sales taxes. You must purchase all equipment, furnishing and fixtures from us, our affiliates or our approved vendors and suppliers. You must purchase the equipment, furnishing and fixtures that meet our specifications, which may change from time to time. The cost of all equipment, furnishing and fixtures will depend on financing terms available, the condition of the equipment, furnishing and fixtures and other factors. You may be able to take advantage of tax benefits for the purchase of all your equipment, furnishing and fixtures as you are encouraged to talk with a tax professional. Expenses for the equipment, furnishing and fixtures do not include shipping or delivery costs and may or may not be refundable depending on the terms of your invoice, lease agreement or purchase agreement.

**Note 4:** A typical Driving Academy™ Business is located within a strip center, mixed-use property, office complex, industrial park or free-standing structure with approximately 1,500-2,500 square feet of space (for your sales office and classroom setup) in addition to access to at least an acre of empty lot space (for the driving course). You can operate your Business out of a strip center, mixed-use property, office complex, industrial park or free-standing structure that has an adjacent empty lot space. We encourage our you to lease space in an industrial park. The low end of the estimate takes into consideration that your facility has an adjacent lot space that you can convert into a driving course. For the low end, cost per square foot will

depend on your geographic area and we estimate such costs to be approximately \$2.65 per square foot for your facility (approximately \$31 per square foot annualized) plus an additional \$3,500 per acre per month to lease the empty lot space that is adjacent to your facility. The high end of the estimate takes into consideration that your facility does not have an adjacent lot; therefore you will have to lease an empty lot that is close to your facility to convert into a driving course and you will need to place a small 500 sq foot construction/office trailer on that lot for a small office space that houses limited equipment, furniture and fixtures. For the high end, cost per square foot for your facility will depend on your geographic area and we estimate such costs to be approximately \$1.60 per square foot for your facility (approximately \$19 per square foot annualized) plus an additional \$9,500 per acre per month for the remote empty lot (rates per acre can range anywhere from \$3,500-\$12,000 per acre per month depending on your geographical location) plus the costs for leasing a 500 sq foot construction/office trailer which we estimate to be approximately \$350 per month. We do not expect that you will purchase a construction/office trailer for your lot, however if you choose to do so it will increase your costs. The estimates for leasing space for your facility take into consideration the bigger the space you lease, traditionally the lower the cost is per square foot. Real estate costs depend on location, size, visibility, economic conditions, accessibility and competitive market conditions. Our estimate includes first month's rent and a security deposit for both your facility and empty lot space. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location or any sums for the purchase of real property, as we do not expect you to buy real property. You may be able to reduce this expense if you are able to occupy a space in an existing location that complements another business, however you will still need access to at least an acre of empty lot space. If you occupy a space in an existing location, the sales office and classroom setup space must be enclosed and separate from other businesses with its own locking door. We base our estimate on the costs that our affiliate incurs in leasing their facility and empty lot spaces for their company-owned locations. Lease payments for periods of time that you occupy your premises may not be refundable. In the event you leave your leased premises before the termination of your lease, you may owe the landlord payment for the entire lease term depending on the terms and conditions of your lease. Whether or not any lease payments are refundable depend on the terms and conditions of your lease agreement.

**Note 5:** We advise you find a space needing minimal leasehold improvements. In most cases, you will need to alter the interior of your Business (specifically your sales office and classroom space; we do not expect that you have any leasehold improvements for your empty lot or for your construction/office trailer, if applicable) before you open for operation. A typical Driving Academy™ has a reception area/waiting area, one large open sales floor divided into stations, one large classroom area, one small office, storage room, break room and a unisex bathroom. Leasehold improvement costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as: property location, the condition of the property and the extent of alterations required for the property. The high estimate does not reflect the need to modify lighting or the potential need to add fire sprinklers, fire alarms and add or modify an HVAC system all of which entails mechanical, electrical, and plumbing costs. We base our estimates on the costs that our affiliate incurred in building out their company-owned locations. You should investigate all these costs in the area in which you wish to establish a Driving Academy™ Business. We will provide you with standard layouts and design options for your Business; however, it is your responsibility to hire an architect to create a complete set of drawings based on the size of your facility and local permitting requirements. Architect and permitting costs are not included in this estimate. You may incur greater or lesser leasehold improvement costs depending on your ability to negotiate leasehold improvements with your landlord. Whether or not any leasehold improvements or build out expenses are refundable depends on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement.

**Note 6:** You must purchase products and supplies for the general operation of your Business as specified in the Operations Manual. You must purchase only approved products and supplies and you must purchase such items that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: student material kits (handouts and workbooks), safety cones, vests, trash receptacles, head phones, logoed hats for students, fire extinguishers and first aid kits in addition to cleaning supplies, general office supplies and other products or supplies as specified by us. We will provide you with a written list of approved products you must use and offer for sale (if we authorize you to sell products in the future) and a written list of approved vendors and/or suppliers you must purchase products and supplies from to operate your Business. All items mentioned above must be purchased through us, our affiliates or approved vendors and/or suppliers, except all advertising and promotional materials and miscellaneous forms must be purchased directly from us or our affiliate. Whether or not any of the purchases for products and supplies are refundable depends on the terms of the invoice or purchase agreement with suppliers.

**Note 7:** You must have a minimum of: one single axel manual tractor, one single axel automatic tractor, one passenger bus and two forty-foot long trailers (“Vehicles”) for your Business to train students and for your driving course. You can use or purchase any type of used or new Vehicles for your Business; however, we require that all Vehicles meet our appearance standards. We will provide you with a written list of Vehicles appearance standards during your initial training program. We do not expect that you will purchase new Vehicles for your Business, however if you choose to do so then your costs will be significantly higher than the estimates provided. The low end of the estimate is an estimated down payment for purchasing a used single axel manual tractor, a single axel automatic tractor and a passenger bus which is approximately \$17,500 (about \$7,000 per tractor and \$3,500 for the passenger) and purchasing used trailers which is approximately \$10,000 (about \$5,000 each). The high end of the estimate is purchasing two used single axel manual tractors which are approximately \$20,000 each, three single axel automatic tractors which are approximately \$20,000 each, one passenger bus which is approximately \$10,000 and five used trailers which are approximately \$5,000 each. The purchase agreement price will vary from dealer to dealer, and the terms of your loan, including the interest rate and term, may vary depending on your credit worthiness, changes in credit markets and other factors which are not under our control. We can’t give you any guarantees or make any representations as to the terms, conditions or otherwise of any financing for your Vehicles. You may elect to purchase additional Vehicles to keep up with the growth of your Business. Whether or not payments made for the purchase of your Vehicles are refundable depends on the terms and conditions offered by your dealer

**Note 8:** You must place our approved graphics on your Vehicles and we will provide you with specifications for all such graphics during the training program. Whether or not payments made for vehicle graphics are refundable depends on the terms and conditions offered by the vendor.

**Note 9:** The estimate includes minimum working capital for the startup of your Business. This also includes estimates of miscellaneous startup costs such as: rent for an additional two months (your first month’s rent for your facility and, if applicable, remote lot and construction/office trailer is already included above), purchasing additional technology items, equipment, products and supplies; printing setup costs, shipping and delivery costs, fuel expenses, Vehicle registrations, Vehicle maintenance, additional payroll expense, workman’s compensation insurance payments (if applicable), tax deposits, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

**Total Estimated Initial Investment.** The total estimated initial investment is an estimate only of the range of startup expenses you may incur. We relied on our principals’ combined experience when preparing these figures. We base our estimates on the costs that our affiliate incurred in operating their company-owned

location. The actual amount of funds you will need depends on a variety of factors, including, but not limited to, the size of your facility, the location of your facility, if your facility has an adjacent empty lot that you can convert into a driving course or if you need to lease an empty lot at a remote location along with a 500 sq. foot construction/office trailer; build-out expenses, the time of year when you start your Business, the amount of equipment, products and supplies you purchase; if you purchase new or used Vehicles; how many employees you hire; implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated business and does not include salaries or benefits for full-time employees. As your Business grows, you may choose to hire additional employees to carry out support service tasks.

Competitive conditions will affect these costs. This estimate of startup costs is calculated for a period of one month (except as stated otherwise), with additional operating capital to be available as may be needed during the initial phase. These costs do not include the cost of a bond for your Business, which you may be required to purchase in certain states. Because bond requirements vary by state and may depend on your net worth, we cannot estimate the amount you will need to obtain a bond or the assets you may need to collateralize a bond. These costs do not include your Royalties and System Advertising Fees which begin immediately once you either (i) start enrolling students; (ii) start collecting any type of fees for packages or programs; or (iii) once your Business is physically open for operation (whichever comes first). These fees should be included in your projections of overall operations costs beginning with your first month of operation. We acknowledge that you may choose to invest additional funds into your Business during the first three months of operation, and sometimes longer, but we cannot estimate or promise when, or whether, you will achieve positive cash flow or profits. These amounts are estimates only and specific amounts will vary with local market conditions, which are outside our control. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the Franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least six months.

## **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 Approved Products and Services 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 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.

### Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliates. 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.

As of the Issue Date of this Disclosure Document, we are the only Approved Supplier of the CRM software you are required to use in the operation of your Business. In addition, our affiliate, CBI, currently operates a CDL testing center. If your Franchised Business is located in close proximity to CBI, we may recommend or require that your students take their driving tests at CBI in our sole discretion. Except as otherwise disclosed in this Item, none of our officers own an interest in our Approved Suppliers for any item you are required to purchase or lease in connection with your franchise.

We do not currently require you to utilize Approved Suppliers for any other purchases or leases you may need to make in connection with your Franchised Business; however, you are required to purchase items that meet our minimum standards and specifications. We reserve the right to designate such Approved Suppliers via updates to the Manuals or otherwise in writing in our sole discretion.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us, our affiliates, or our parent.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. 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.

We reserve the right to designate us or our affiliates or parent as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

### Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from 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 50% to 65% of your

total costs incurred in establishing your Franchised Business, and approximately 5% to 15% of your ongoing costs to operate the Franchised Business after the initial start-up phase (not including your lease or occupancy costs). Please be advised that these percentages do not include your lease payments you make in connection with your Premises.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business.

In the past fiscal year ending December 31, 2022, neither us nor our affiliates generated any revenue as a result of franchisees' required purchases or leases.

#### 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 pay our then-current supplier or non-approved product evaluation fee when submitting your request. We may charge you for the reimbursement costs for each evaluation request. 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 120 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 of 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 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.

#### Customer Service Policies

You are required to follow all customer service policies, including re-do policies, as we identify and modify them from time to time. Currently, you are required to honor any request for a re-do of services at your Shop in accordance with the re-do policy as set forth in the Manuals or otherwise in writing by us, which currently limits the obligation to provide re-do services when the original services were performed at your Shop.



### 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 may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Shops in our System. If we do establish those types of alliances or programs, 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 parent or affiliates 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 parent or affiliates may 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.

We do not currently have a purchasing cooperative with any third-party vendors, but reserve the right to create more purchasing cooperatives in the future.

### 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

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. 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.

### Approved Location and Lease

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Premises 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 Schedule 6 to our current form of Franchise Agreement). 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 Premises.

### Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including, without limitation, the following, all of which we may modify from time to time as we deem appropriate in our reasonable discretion:

1. General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations and fire damage coverage, in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate;
2. Professional liability insurance that covers you for damages that you create that do not result in property or bodily injury with a minimum policy limit of \$1,000,000 and \$2,000,000 aggregate or an amount we reasonably specify;
3. Property and casualty insurance that covers you for damages or losses to the Business with a minimum policy limit of \$1,000,000 per occurrence or an amount we reasonable specify;
4. “All Risks” coverage for the full cost of replacement of the Business premises and all other property in which we may have an interest with no coinsurance clause;
5. Commercial Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$1,000,000 for hired and non-owned coverage including uninsured motorist with a minimum of \$100,000 limit or what is in accordance with your state guidelines
6. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is optional; however we may require you to obtain this coverage in the future with liability limits in amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;
7. Workers’ compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;
8. Product liability insurance (optional) that covers you for damages that result in injury from products that you distribute with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate or an amount we reasonably specify;
9. Employer liability insurance (optional) that covers you and your Business against claims made by employees for work-related bodily injury or disease, other than liability imposed on you and your Business by workers compensation law;
10. Employment practices liability insurance (optional) that covers you and your Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment, and other employment related obligations;
11. Cyber liability insurance that covers you and your business against data breaches that involve sensitive student information

12. Crime insurance (optional) for employee dishonesty in the amount of \$10,000 combined single limit;
13. Tenant’s liability insurance;
14. Any other Insurance required by the state or locality in which the Business is located and operated in such amounts as required by statute; and
15. Other insurance coverage, as we, your state or the landlord may reasonably require.

You must 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 by the Franchise Agreement. 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). In the event you do not obtain or maintain the required insurance, we have the right to purchase it and charge you our costs in doing so.

Computer Hardware and Software

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 Premises must have Internet Wi-Fi access that your customers can access. We may require you to purchase any of these items from one of our Approved Suppliers, and we currently have an Approved Supplier in connection with the software you must use at your Franchised Business (and maintenance/support associated with this software).

**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.**

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
(a) Site selection and acquisition/lease	Sections XII.S and XX.C. of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section VIII of Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, XII.T, XX.C. of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A. of Franchise Agreement	Item 11
(e) Opening	Sections IX.B and XII.G of Franchise Agreement	Item 11

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
(f) Fees and Option Agreement	Sections IX and X of Franchise Agreement and for the Option to purchase additional franchisees in Exhibit F of the Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A and XII.H. of Franchise Agreement	Items 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.I. of Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territory development and sales quotes	Section VI of Franchise Agreement	Item 12
(l) On-going product/services purchases	Section XII.I. of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section XII.E. of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7
(o) Advertising	Sections X.B, X.C, XII.L and XX.J of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Item 6
(q) Owner's participation/management/staffing	Sections XII.F and XII.K. of Franchise Agreement	Items 11 and 15
(r) Records/reports	Section XIV of Franchise Agreement	Items 6 and 11
(s) Inspections/audits	Sections XII.Q and XIV.B. of Franchise Agreement	Items 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Items 6 and 17

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
(u) Renewal	Section VII.B. of Franchise Agreement	Items 6 and 17
(v) Post-termination Obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition covenants	Section XIX of Franchise Agreement	Item 17
(x) Dispute Resolution	Sections XXV.C. and XXV.D of Franchise Agreement	Item 17

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING**

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

Before you open your Business, we will:

- (1) Provide you with written guidelines for site selection. You must, on your own initiative and at your own expense locate, obtain and occupy the site and negotiate the lease for your Business within 90 days of the execution of the Franchise Agreement. You select the site for your Business within the protected territory provided in the Franchise Agreement. We do not generally own the site and lease it back to you. You may not sign a lease for the site (or contract to purchase the premises, if applicable) in which you wish to operate your Business until you have obtained our written approval. Additionally, you must not invest any money for the site in which you have not received our written approval. We must accept the site if we feel in our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. If we do not approve the site, you will be given a second opportunity to locate a site. If we do not approve the second site, we may terminate the Franchise Agreement. The factors that we consider in acceptance of the site include population, density, demographics, traffic patterns, convenience, adequate parking, freeway access, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed site and accept, or do not accept each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request. If neither we nor you can agree on a site, then we may terminate the Franchise Agreement and retain all of the Initial Franchise Fees paid.

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

- (2) Insert the accepted site into your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:
  - (i) the site which you have submitted for the Business is a suitable site based upon criteria we establish periodically; and
  - (ii) you and your Owners are in compliance with the Franchise Agreement.
- (3) Approve your execution of the lease for your Business. You must submit the lease to us for our approval at least ten days before you sign the agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. We do not offer legal services or commercial real estate brokerage services, to you and you should consult your independent legal counsel for a legal review of the lease (Franchise Agreement, Sections XII.S and XX.C).
- (4) Offer you recommendations when obtaining licenses, certifications and applying for permits if required by your locality to operate your Business. It is your responsibility to comply with all laws, ordinances, and regulations as you are responsible for obtaining all necessary approvals, certifications, licenses and permits to operate your Business (Franchise Agreement Section XX.A).
- (5) Inform you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for the Business at the accepted location. We will provide you with guidelines for the layout and design of your Business and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to confirm that your Business satisfies all state and local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Section XII.T and XX.D).
- (6) Provide you with: a written list of approved services (including specifics related to our proprietary commercial truck driving job placement guarantee program) you are authorized to offer and perform and products you are authorized to sell (currently you are not authorized to sell products); a written list of approved equipment, products, supplies and services (as described in Item 8) you are authorized to use; a written list of approved vendors and suppliers to purchase all equipment, products, supplies and services from; and Curriculum you are authorized to use. We will train you on how to use our Curriculum and strategies for purchasing all items necessary for your Business during our initial training program. You are responsible for the cost, delivery, installation and maintenance of these items as they are necessary for the operation of your Business. If developed, you are required to purchase all proprietary equipment, products or additional software from us or our affiliate; and all other items listed above must be purchased either from us, our affiliates

and/or our approved vendors (Franchise Agreement, Sections XII.H, XII.I, XX.A, XX.H, XX.I and XX.K).

- (7) Provide you with written specifications for all equipment, technology items, furnishings, fixtures, and signage (as described in Item 8) necessary for the operation of your Business. You are obligated to repair and maintain all equipment, technology items and related software necessary for the operation of your Business. We will also provide you written list of Vehicle appearance standards (which include our vehicle graphic specifications. You are responsible for the cost of the Vehicle and the purchase, installation and cost of all vehicle graphics (we do not install any graphics on your Vehicles). You will be responsible for all these expenses as such expenses are necessary for the operation of your Business. We will deliver these written specifications for all the above items, and you are responsible for the delivery and installation of all these items. You are required to purchase some of the items listed above from us, our affiliates, approved vendors and/or suppliers (Franchise Agreement Sections XII.H, XII.I, XII.U, XX.A, XX.D and XX.I).
- (8) Provide you with recommended guidelines for hiring and training employees and/or independent contractors (if you choose to use independent contractors in your Business) in addition to general guidance. You are responsible for all day-to-day activities, including hiring, training, disciplining and/or firing your employees and independent contractors. At no time will you, your employees or independent contractors be deemed an employee of ours. You are responsible for all employees and independent contractors (if applicable) you hire, determining their compensation, determining their benefits, tax withholding and their behavior during the operation of your Business (Franchise Agreement Section XII.F, XX.A and XX.E).
- (9) Provide you with a self-study program (and related materials) immediately after executing the Franchise Agreement intended to help you prepare for our initial training program. We will provide you with our initial training program, no earlier than 60 days before the date you either anticipate performing services; start enrolling students; collecting any type of fees for packages or programs or the date you anticipate opening your Business for operation (whichever comes first) and only after determining you have secured all the necessary licenses and permits, bonds (if applicable) as required by your state to operate your Business as described in Item 1), designed to assist you and your staff in the operation of your Business, at no additional charge. The initial franchise training program is designated for you, one Owner, one manager or lead certified commercial driving instructor or any combination thereof (a total of four people). The training must be successfully completed to the franchisor's satisfaction.

If more than four people attend the initial franchise training program, we may impose a training fee of \$250 per person for each day of training and your expenses (Franchise Agreement, Sections XII.U and XX.A).

- (10) Share with you relevant operating problems faced by other Driving Academy™ businesses disclosed by reports submitted to us or inspections made by us. We will furnish to you such guidance and assistance in connection with the operation of your Business, as we deem appropriate. Such guidance and advice will include methods and operating procedures utilized by other Driving Academy™ businesses including: how to attract students; how to use our Curriculum, teaching techniques, suggested rates services and products (if

applicable), using our proprietary software, efficiencies to manage high volume, service standards, guidelines for hiring employees and independent contractors (if you choose to hire independent contractors) and operating procedures utilized by other franchises or company-owned businesses including new equipment, products and services; advertising, marketing and promotional strategies; record keeping, accounting methods and general operating procedures. You must pay all costs and expenses associated with these items. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Sections XII.H, XX.A and XX.E).

- (11) Loan to you during the term of the Franchise Agreement one copy of our confidential Operations Manual, which may include other manuals or other written materials for the operation of a Driving Academy™ business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, any manual, including the Operations Manual, to reflect changes in authorized equipment, products and services, as well as changes in specifications, standards and operating procedures of a Driving Academy™ Business. You must keep the Operations Manual confidential and current and may not copy any part of the Operations Manual. The Operations Manual contains 273 pages and the table of contents for the Operations Manual, as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G).
- (12) Deliver to you a web page that includes access to our intranet system that houses our commercial truck job board along with different operational, advertising and marketing materials to support your Business (Franchise Agreement Sections IX.A, XX.A and XX.B).
- (13) Approve or disapprove any promotions, edits, changes, or updates to your web page. All modifications to your web page must be performed by us, our affiliates, or approved vendors and you will be responsible for all related costs (Franchise Agreement, Sections IX.A, X.G, XX.A and XX.B).
- (14) Approve or disapprove samples of all local advertising, promotional programs or plans and materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections X.C, XII.L, XX.A and XX.J).
- (15) Provide you with a startup kit (as described in Item 7) during our initial training program at no additional cost incurred by you (Franchise Agreement Sections IX.A, XX.A and XX.B).
- (16) Provide up to seven days of either pre-opening or grand opening assistance and/or guidance at your location. Such assistance will be provided to you as part of our initial franchise training program and at our cost (Franchise Agreement Section XX.A).

During your operation of your Business, we may:

- (1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to: our Curriculum and standards for implementation, equipment operation and maintenance,



services, operational, marketing and sales matters related to your Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XII.Q and XX.A).

- (2) Provide to you, any Owner, manager or lead certified commercial driving instructor refresher and/or continuing education meetings at locations designated by us, which we expect to be our headquarters with a fee not to exceed \$250 per person per day plus your expenses, which can vary from area to area. We reserve the right to increase the per day fee in a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).
- (4) Conduct quarterly meetings or an annual convention at such place as shall be designated by us, at our current fees which can change based on our cost (Franchise Agreement, Section XX.A).
- (5) Establish a franchisee elected peer group whose main purpose is to mentor and support each other.

During your operation of your Business, we will:

- (1) Continue to consult with you at no additional charge regarding: our Curriculum, operational strategies, methods and techniques; equipment, products and services you are authorized to purchase, use offer and perform; industry developments, sales, networking, marketing and promotional programs as well as provide assistance to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.V and XX.A).
- (2) Provide you with updated: written lists of approved services and products you are authorized to offer, perform and sell; updated Curriculum, equipment, products and services (as described in Item 8) you are authorized to use and purchase such items from; and Vehicle appearance standards (including our vehicle graphic specifications). We will also continue to add and approve new vendors and suppliers and provide you with updated and current lists of such approved vendors and suppliers that you are allowed to use to purchase such items from for your Business. We will also provide you with access to our proprietary software. If we develop proprietary equipment, products or additional software we will provide you with lists of such items that you will be required to purchase from us or our affiliate. We will provide you with such specifications and guidelines, but not the actual items as you are responsible for purchasing such items. We will continue to review and approve or disapprove any piece of equipment, product, supply, service, vendor or supplier you wish to use, offer or sell in the operation of your Business (Franchise Agreement, Sections XII.H, XII.I, XII.J, XX.H and XX.I).
- (3) Provide you with updated minimum inventory requirements (currently not in effect) and suggested rates for all services and pricing for all products (if we authorize you to sell products in the future) you offer in the Business. We may establish minimum and maximum rates and/or prices you can charge to the extent allowed by law. We will continue

to research new services, equipment, and products for the System as we deem necessary (Franchise Agreement, Section XX.K).

- (4) Provide a dedicated telephone line, only for our franchisees, to answer questions from you or your staff (during regular business hours Eastern Time Zone). You will be able to contact us for questions, suggestions, and guidance (Franchise Agreement Sections VII.V and XX.A).
- (5) Review and approve advertising, promotional programs, plans and materials in addition to any promotions, edits, changes or updates to your web page that you submit to us, by notifying you in writing or by email of such approval or disapproval (Franchise Agreement, Sections XII.L, XII.H and XX.J).
- (6) Provide continuing education to you and we may provide continuing education to you, any Owner, manager or lead certified commercial driving instructor of your Business (if this person is someone other than you) as noted in paragraph 13 (iii) below. We may require that you, any Owner, manager(s) or lead certified commercial driving instructor complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).
- (7) Offer assistance in establishing and using administrative, record keeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Section XX.A).
- (8) Provide you with all update and upgrade requirements for your technology items and all related software in response to changes in the Operations Manual or changes in our policies that are communicated to you in writing. You are required to purchase such items to operate your Business; however you will be given access to our proprietary software during our initial training program at no cost to you. Your expected costs for such items will range from \$9,700 to \$15,000 (see Item 7). The cost for hardware and software upgrades for such items is estimated to be approximately \$250 per year. For our proprietary software, we will provide you with update and upgrade requirements however we are not obligated to provide any upgrades to any third-party software programs that we do not own and license to you. You are responsible for the installation of all technology-related hardware and software. We are not obligated to provide maintenance or repairs to any piece of equipment, technology item, hardware, or software that you use in the operation of your Business. We reserve the right to have independent access to all information that you store in any computer, laptop, tablet, social media platform, mobile app platform or software related to the Business (Franchise Agreement Sections XII.H, XII.I, XIV.A and XX.A).

Your computer system will consist of certain hardware such as the CPU, printer and other devices needed. It will also include software programs which may be proprietary to us. Our proprietary software is a form of customer management (“CRM”) and provides a convenient and important method to staying in contact with customers and suppliers and associated marketing. You will generate and have stored on your system information and data relating to your financial operation, customer contact-support information, supplier contact information. We may occasionally alter the specifications for, and components of, the Computer System. These modifications and/or other technological developments may require you to purchase or lease by license new or modified computer hardware and/or

software and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes. We have no responsibility to reimburse you for any of these costs. You must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly within 60 days' notice from us.

It is your sole responsibility for: (a) the acquisition, operation, maintenance, and upgrading of your Computer System; (b) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (c) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

Your Computer System must be capable of supporting our required software, with Internet capability, and accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay associated monthly charges.

- (9) Reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the "Fund or "System Advertising Fund") to support ongoing technology and new equipment or product development (including curriculum) to be made available to franchisees, and such national advertising (including media production costs) as we, in our sole discretion, may deem appropriate to promote the Driving Academy™ name to benefit all franchised businesses as described in Item 6. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our advertising department or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).
- (i) Once established, you will be required to pay us 1% of monthly Gross Revenue per calendar month for your System Advertising Fund contribution as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue per month in any calendar year for the term of your Agreement. Contributions are due by the fifth day of the month (for the prior month) which will begin immediately either once you start enrolling students; collecting any type of fees for packages or programs; or once your Business is physically open for operation then continues for the term of your Franchise.
- (ii) The contributions will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new equipment, products, services and technologies; product and/or equipment development, market research, media production costs, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. You may obtain an

accounting of all advertising expenditures through the prior fiscal year ending December 31 of the year prior to the date of this Franchise Disclosure Document. Usage of the Fund may include ongoing development of the national website, a social media platform, our proprietary software, a mobile app platform; and development of new equipment, products, and services to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio, television, or Internet and may be conducted on a regional or national basis. We may spend on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Driving Academy™ franchises in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use.

- (iii) In the future, we may form a franchisee-elected Franchisee Advisory Council whose sole purpose is to advise on System Advertising Fund usage and advertising policies. We retain all operational and decision-making authority concerning advertising and the Advisory Council will serve only in an advisory capacity. The membership of any Franchisee Advisory Council will be national in scope. The Franchisee Advisory Council will not be separately incorporated, and therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Franchisee Advertising Council as described below.
- (iv) Neither we nor any Franchisee Advisory Council will undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchises operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments, or borrowings, except for acts constituting willful misconduct. When the Fund is established and activated, all Driving Academy™ businesses owned by us, or any Owners must contribute to the Fund in the same proportion as all franchisees.
- (v) Any businesses we own will have the same voting rights as franchisee members in the Fund. We administer the Fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the System Advertising Fund in any one year and such funds may be accrued into the next year. The System Advertising Fund has not been established as of the Issuance Date of this Disclosure Document.

- (vi) We expect to receive advertising and promotional allowances and fees from third party vendors, suppliers and advertisers who enter into cooperative advertising programs with us (and possibly also franchisees) although we have yet to collect any such fees because we have no franchisees. For example, vendors and/or suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors or suppliers who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor or supplier who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances (if we approve) from third parties actually paid into the Fund.
- (10) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area, or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual financial statements that you can review, but which will be unaudited. We will have the right to form, dissolve, and merge any specific franchisee marketing council. Even though we have not yet formed any franchisee marketing councils, we may require that all franchisees within close proximity to a consumer show, convention or exhibition where job fair and transportation-related services and products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets.
- (11) You must spend a minimum of \$9,000 per calendar quarter on local advertising and promotion for your Business, in addition to the System Advertising Fee contribution you pay to us. You will also spend at least \$3,000 on "grand opening" promotion within two months (one month prior to opening and one month after the opening of your Business), therefore your local advertising requirement will be pro-rated for your first quarter taking into account the monies you spend on "grand opening" during the one month prior to opening and the first month your Business was open for operation. You must report your local advertising expenditures to us by the fifth day after the end of each quarter, or at times, on forms and in a manner we determine.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve or disapprove in writing the materials you submit to us within thirty (30) days, if we do not respond within such period, all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising

programs selected by us or by any approved group of franchisees, except that you may not need to follow or maintain any sales price or suggested promotional pricing. You will not be required to join and participate in a Driving Academy Advertising Cooperative (“Co-op”), which is an association of all other Franchise Owners whose Franchised Businesses are located within your Area of Dominant Influence (“ADI”). We may require you to do so in the future and will be notified in writing if this will become a requirement.

Unless we approve otherwise in writing, you may not establish a separate Website, and you will only have one web page, as we designate and approve, within our website. The term “Website” includes: anything on the Internet as well as other electronic sites (such as social networking sites like YouTube, Facebook, Twitter, LinkedIn, Pinterest, Yelp, Instagram, blogs and other applications). You must comply with our requirements regarding offering, selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website for you (currently franchisees are authorized to participate on Yelp, Facebook and Instagram), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; (vi) you must not engage in any link building activities unless approved by us; and (vii) we may revoke our approval at any time by providing written or email notice to you of such revocation.

- (12) We estimate that there will be an interval of 180 days between the signing of the Franchise Agreement and opening your Business for operation. Factors that may affect this length of time include obtaining a location that is approved by us for your Business, licenses and permits required by your state (if applicable), build-out expenses, time of year you open the Business for operation, if you are able to use your own Vehicle, completion of your pre-market entry study to determine any customization of services and products to be offered through your Business, satisfactory completion of our initial training program by you (or your managing partners, members or shareholders) and availability of equipment, products and supplies. You have 90 days to enter into a lease, at your expense, for commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your affirmative prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your Business and will notify you of the same by e-mail or other form of written communication. We reserve the right to extend the period for you to acquire a lease as described above based on our reasonable judgment that you will likely find a location. Failure to acquire a lease and/or open your Business within the timeframes mentioned

above, will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement. Such default notice, under which we may terminate the Franchise Agreement, shall be given to you in writing.

- (13) Before the opening of your Franchise, yourself, any Owner, proposed manager and/or lead certified commercial driving instructor you designate (if this person is someone other than you) are required to attend our ten-day franchise training program at our corporate headquarters in Linden, New Jersey unless such headquarters is moved. We maintain a regular calendar for the training program, and the trainings are held approximately six to eight times per year (or more frequently if needed). The training program is included in your Initial Franchise Fee. You are responsible for all costs associated with attending the program such as travel, room, and board.
- (i) It is required that you (or your managing partner, managing member, member or shareholder) have successfully obtained any license or certification if required by your state (such as a certified commercial driving instructor license or whatever necessary licenses or certifications are required by your state to operate your Business as described in Item 1). Such licenses or certifications (if required by your state) are necessary for the operation of your Business and must be obtained prior to attending our initial training program. You must obtain, maintain and keep a copy of such licenses and certifications on file at all times.
  - (ii) If you, any Owner, manager or lead certified commercial driving instructor (if this person is someone other than you) does not satisfactorily complete our training program, we will notify you, and you may then select and enroll a substitute person in our training program. If, during the training program we determine, in our sole discretion, that you, any Owner, manager or lead certified commercial driving instructor you appoint (if applicable) are not qualified to manage a Driving Academy™ Business, you can appoint someone else to be trained at your expense. If such persons do not satisfactorily complete our training program, we have the right to require you to send a replacement and if such replacement person is still not qualified, we have the right to terminate the Franchise Agreement. The criteria that we will use to determine whether or not we deem you, any Owner, manager or lead certified commercial driving instructor is qualified to manage a Driving Academy™ Business or perform services includes, but is not limited to, lack of business experience; if it is determined that the person's personality makes it difficult to obtain students; or if such person does not have or maintain the appropriate licenses or permits as required by your state or locality to operate a Driving Academy™ Business. We will send you a written termination notice upon our determination of qualification
  - (iii) After the completion of the initial training program by you, any Owner, manager or lead certified instructor, we can upon your request provide training to any new Owner, manager or lead certified commercial driving instructor of your Business for which an additional training fee of up to \$250 per day per person may be required (however we expect that you train any new manager and lead certified commercial driving instructor that you hire as described in Item 15). The trainee(s) will be responsible for all costs related to attending training such as travel, room, and board. In addition, we have the right to require that you, any Owner, manager

or lead certified commercial driving instructor complete supplemental and refresher training programs during the term of the Franchise Agreement, to be held at our corporate headquarters (currently in Linden, New Jersey). There may be additional costs for supplemental and refresher training programs. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room, and board.

- (iv) After the opening of your Franchise, we will provide to you and your personnel, access to information and support through our intranet system online. Support will also be available from our corporate headquarters and we may provide regularly scheduled conference calls or webinars that will require your participation. We may provide refresher training and continuing education programs either through phone, web based (“webinars”), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars, or video) may have a registration charge to you which will not exceed \$250 per person per day. You are responsible for costs associated with you attending the programs such as travel, room and board or our expenses if we come to you. The refresher and/or continuing education programs will normally not exceed one day, and we expect to conduct programs subject to special need. The content will cover particular aspects including but not limited to: updates, changes and additions to our Curriculum, the services you are authorized to perform and products you are authorized to offer (if we authorize you to sell products in the future); vendor and supplier relationship updates, new equipment or products and industry developments; strategies for using our Curriculum, operational standards, technology and software developments, sales and marketing, administration and so forth. We may conduct an annual convention at such place as shall be designated by us for all franchisees. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The fees charged above may be increased based on the increase of actual costs incurred by us.
- (v) No earlier than 60 days before you either anticipate performing services; start enrolling students; collecting any type of fees for packages or programs or the date you anticipate opening your Business for operation (whichever comes first and only after determining you have obtained or partnered with someone who has a valid commercial driving instructor license and have secured any other license or certification and all necessary permits, bonds (if applicable) and registrations as required by your state), we will provide training for you as noted in the following training schedule. This training curriculum is fully detailed in our Operations Manual and may change periodically. The corporate training team may include members of our management team, staff from our corporate headquarters in Linden, New Jersey, members of our website development team, and members from our approved suppliers and service providers.



## TRAINING SCHEDULE: AT CORPORATE OFFICES

The Driving Academy™ Franchise training program includes an Operations Manual, hands-on training, videos and demos. This training curriculum is fully detailed in the Operations Manual and will change periodically.

### TRAINING PROGRAM

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught by a combination of Jonathan Marques who has over 11 years of training, sales and business management experience; and Anthony Johnson who has over 5 years of instruction and driving course training experience, all of whose backgrounds are described in Item 2 above. Occasionally, different guest speakers may make an appearance at the training program to provide information about various pieces of equipment, products and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors, or industry experts.

Subject	Hours of Classroom Training	Hours of On the Job Training	Instruction	Location
The Driving Academy™ Mission, Philosophy, Mindset, Culture and Values*	1 Hour		Presentation, Demos and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify.
Overview of Approved Services and Courses	1 Hour		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify.
Approved Equipment, Specifications, Operation and Maintenance		2 Hours	Presentation, Operations Manual, On the Job Training and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Approved Vendors, Suppliers and Purchasing Strategies	1 Hour		Presentation, Operations Manual, Demos and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Driving Course Setup and Vehicle Appearance Standards		5 Hours	Presentations, Demos, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify.
Our Proprietary Service Guarantee and Lifetime Placement Programs	4 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Curriculum and Student Classroom Training	6 Hours	24 Hours	Presentations, Demos, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On the Job Training</b>	<b>Instruction</b>	<b>Location</b>
Simulator and Student Driving Course Training		20 Hours	Presentations, Demos, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Facility Tours, Sales Presentation and Onboarding	5 Hours	10 Hours	Presentations, Demos, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Determining Rates, Grants and Financing Availability	4 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
DMV Requirements	4 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Service Standards, Phone Management and Scheduling	2 Hours	6 Hours	Presentations, Demos, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Student Psychology and Managing Expectations	3 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Manager Responsibilities, Daily Operations and Efficiencies	4 Hours	4 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Safety, Security and Cleanliness Standards	2 Hours	2 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Advertising, Marketing and Promoting Your Business	8 Hours	2 Hours	Sales Training Presentation, Various Speakers, Marketing Plan and Creation	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Recommendations for Hiring and Managing Employees	5 Hours		Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
Technology and Software Training**	2 Hours	6 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On the Job Training</b>	<b>Instruction</b>	<b>Location</b>
Administrative and Record Keeping Responsibilities	4 Hours	4 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Linden, New Jersey or as we otherwise specify
<b>Total Hours***</b>	<b>56 Hours</b>	<b>85 Hours</b>		

\* Prior to attending our initial training program, we expect you to complete 20 hours of self-study at your own pace utilizing materials we send to you.

\*\*Additional software training may be provided to franchisees and may be performed by our approved vendors after the initial training is completed.

\*\*The actual hours of classroom and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class and depending on your experience and skillset prior to training.

Additional Assistance:

In addition to the initial training program mentioned above, we will provide up to 7 days of onsite assistance and guidance at your location for either the pre-opening or grand opening of your Business at our cost. For your second and subsequent Business that you open, we will (at your option) provide the same type of assistance and guidance at your location; however, you will be responsible for all costs and expenses incurred by us, including but not limited to compensation for our staff and travel expenses. We will provide you with invoices for amounts you owe us and we may require you to pre-pay all or a portion of the actual amounts owed.

Ongoing Training:

We will also provide you with announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you. In very rare instances, we may periodically require that you, any Owner or manager complete additional training or refresher training programs to correct, improve and/or enhance the management and operation of your Business. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iv) above).

**ITEM 12**  
**TERRITORY**

You must operate the Driving Academy™ Business within the specific location identified in your Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are awarded a protected territory (“Territory”) that will include up to 15 miles driven in any

direction from your Franchised Business as defined by Google Maps or a similar mapping program. We reserve the right to grant a territory that is larger or smaller than the 15-mile area described above, to account for more densely or sparsely populated areas. You may not conduct business at any other site or sites (facility where you operate your Business) other than the accepted site that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement. You can conduct business at off-site events (for example: job fairs, tradeshow, expos, promotional events, festivals, events, etc.) to promote and sell your services and products (if we authorize you to sell products in the future) as long as such events are within your Territory. You may conduct business at off-site events in other geographical areas where there is not a Driving Academy™ business only after providing notice to us and after obtaining our written approval; however, you cannot perform Target Marketing outside your Territory, as described below. We shall approve or deny your request, which approval is in our sole discretion, within three business days of receipt of your written request and will respond by email or any other form of written communication (as described below). If we approve your request to conduct business at off-site events in another geographical area, you must be prepared to immediately lose any accounts you have established when that area is purchased and immediately refrain from conducting business at such off-site events. You can directly market and solicit for students only within the accepted Territory that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement. You may also sell and ship products (if we authorize you to sell products in the future) to anyone located outside your Territory so long as your sales do not result from any Target Marketing (as defined below) activities by you.

We cannot establish either a company-owned business, franchise nor license any other person or entity to locate a Driving Academy™ business within your Territory during the term of the Franchise Agreement.

Your licensed Territory is determined by population, household incomes, competition, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a Driving Academy™ business. Your licensed Territory is determined by us once a location is chosen and will not be altered even if there is a population increase or decrease. It will also not be affected by the number of students you service, products you sell (if we authorize you to sell products in the future), your revenues or your sales volume. Certain locations, such as major metropolitan areas may have smaller territories of densely populated areas. We must have consented to the location for your Driving Academy™ Business within your defined Territory in writing before you open for operation. Relocation of your Business requires our written acceptance. Our consent to your relocation is based on the following factors: population, business potential, traffic patterns, proximity to major roads, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a Driving Academy™, as we deem appropriate and as identified in your Franchise Agreement.

Establishment of additional Driving Academy™ Businesses requires our written acceptance. If other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you and you might not have the right of first refusal or option to buy the territory that was formally unassigned. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional franchise acquisition and must be in compliance with all of the terms and conditions of your current Franchise Agreement. We will evaluate your proposed location of any additional Driving Academy™ Business. You do not have any rights of first refusal or options to acquire an additional territory.

The Territory described above will affect where you and other franchisees may solicit business, secure accounts, promote and sell services and products (if we authorize you to sell products in the future).

You are encouraged to directly advertise and market for students within your Territory. You can provide services and sell products (if we authorize you to sell products in the future) to anyone from anywhere so long as your sales do not result from any direct solicitation activities by you; the services you provide are being performed from your Business; and the products you sell are sold or shipped from your Business and/or sold at off-site events within your defined Territory. We, other franchisees, and company-owned businesses reserve the same right to provide services to anyone so long as all services are performed from their respective businesses; and the same right to sell products (if we authorize the sale of products in the future) to anyone from anywhere so long as all products are sold from their businesses or at off-site events within their respective areas without compensation to you. You are prohibited from soliciting and marketing in general to anyone by any means outside of your respective Territory and you must not specifically engage in target marketing (“Target Marketing”) within the Territory of another Driving Academy™ business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain students through any type of advertisement or marketing, directed at all or a portion of another franchisee’s territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

If you are asked to conduct business at off-site events (such as: job fairs, tradeshow, expos, promotional events, festivals, events, etc.) in geographical areas in which there is another franchise or company-owned business, you must immediately refer that request to the Driving Academy™ business in that geographical area or directly to us. Whether the other Driving Academy™ business is a franchise or company-owned location, you must not conduct business at off-site events in that geographical area. If the other franchisee or company-owned business gives you permission to conduct business at such off-site events, then you must immediately inform us in writing and you can then proceed to conduct business at such off-site event. If there is not a Driving Academy™ business in that geographical area, then you must submit a written request to conduct business at such off-site event to us and upon our written approval you can proceed. We shall approve or deny your request to conduct business at off-site events in other geographical areas not owned by us, our affiliates or other franchisees, which approval is in our sole discretion, within three business days of your written request. Our response to your request will be made by email or any other form of written communication. Approval may be revoked in our sole discretion. However, you must be prepared to immediately cease conducting such events in that other geographical area when that unassigned area is purchased. We may allow you and other franchisees or company-owned businesses to promote and sell services and products (if we authorize the sale of products in the future) through an alternative channel of distribution (such as on the Internet or Websites). If you are granted permission to promote and sell services and products using that method, you can do so to anyone from anywhere without compensation to the other franchisees or company-owned businesses so long as all services are performed from your Business; and all products are sold either from your Business or at off-site events within your Territory. We, other franchisees and company-owned businesses are subject to the same restrictions and reserve the same right to promote services and/or sell products (if we authorize the sale of products in the future) on alternative channels of distribution to anyone from anywhere so long as services are performed within their businesses and all products are sold from their businesses and off-site events within their respective areas without compensation to you.

If during the time of the Franchise Agreement, you are unable to accept new students you must refer such students to another franchisee, company-owned business or to us. If you fail to refer off-site events, students as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to the Territory, effective ten days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory.

We encourage Driving Academy™ businesses, when owned by different individuals, to work out a referral relationship and advertising strategy or arrangement if they are within close proximity of each other. We must be notified of all such arrangements.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services and products (if we sell products in the future) to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined to any one particular franchisee's territory regardless of the contract amount services to be performed or products (if applicable) to be provided (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services and/or provide products (if we authorize you to sell products in the future) at negotiated rates under the National Account contract. If we choose, or if you choose not to perform services and/or provide products (if applicable) to the National Account, we may direct the National Account to seek such services and/or products from another franchisee or company-owned location even if the National Account is located within your Territory without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity to job fairs and transportation-related exhibitions or conventions where trucking and/or transportation related services or products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets. In such programs, we may require the student that is acquired through such programs to be served by the closest other franchisee and you will not be charged or receive any type of referral fee.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

- (1) Advertise, market, and sell Driving Academy™ services, branded and/or trademarked products and equipment (if we decide to sell products or equipment in the future) in your Territory;
- (2) Advertise, offer and sell services, products and/or equipment (if we choose to sell products and/or equipment in the future) to promote the System through the Internet no matter where the person is based to brand the System and/or fulfill the demand in your Territory;
- (3) Sell, offer or distribute anywhere services, products or equipment (if we choose to sell products and/or equipment in the future) to persons or businesses located anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;
- (4) Develop, manufacture and distribute any labeled product or piece of equipment that has been branded with our Marks or logo or different branded products or equipment through any outlet located anywhere (including, by way of illustration, discount warehouses, retail stores, trucking or shipping facilities, over the Internet and/or similar venues) and on any terms and conditions we deem appropriate. If we decide to develop and distribute products

or any type of equipment, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;

- (5) Implement advertising cooperative programs which may allow us or others to solicit or sell to anyone located anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and/or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and
- (7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with businesses located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your own Driving Academy™ Business) are converted to another format or we acquire a similar business which will be maintained under the System or otherwise. If we acquire or merge with a business similar to a Driving Academy™ business within your Territory, we will make commercially reasonable efforts to maintain the protected status of your Territory. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us or when we acquire, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of services, products or any type of equipment (if we choose to develop and sell products or equipment in the future) by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to promote and/or offer services, sell or distribute products or equipment (if we develop products or equipment in the future) through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We do not plan to maintain physically separate offices and training facilities that operate under a different trademark than the one the franchisee will use,. We will also have to approve the relocation of your franchised business. We will use the same standards for the relocation as we follow when finding the location of a new franchise.

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

### **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchised Business. Our principal trademark is “Driving Academy” as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, taglines, service marks and logos currently

used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin. We also claim common law rights in our trademarks based on our prior use. Our affiliate, Driving Academy, Inc. is the owner of the following Mark, which is registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

Trademark	Registration Date	Registration Number
	December 13, 2022	6921316

Our affiliate, Driving Academy, Inc. (“Affiliate”), owns the Proprietary Mark and related intellectual property used in the System and has licensed them to us to use and sublicense in our franchise program. The initial term of our license agreement with Affiliate, effective as of November 30, 2021, is ten (10) years with two (2) successive renewal terms of five (5) years each. If Affiliate’s license to us expires or is terminated, your rights under the Franchise Agreement will not be affected. You will have the right to operate your Business during the remaining franchise term, and during the term of any permitted renewal franchise agreement, as long as you comply with all of your obligations.

We do not yet have a federal registration for our principal trademark. Therefore, our trademark does not have as many of the legal benefits and rights as a federally registered trademark. If our right to use any of our Marks is successfully challenged, you may have to change to an alternative trademark, which may increase your expenses.

You will be licensed to use not only these marks and designs, but also all other service marks, trademarks, slogans, logos and emblems as we may designate for use in connection with the System (collectively, the “Marks” and each a “Mark”).

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. We have not yet filed an affidavit of use because our trademark applications were recently filed and do not need an affidavit. We do intend to renew all our trademark registrations.

There are no effective agreements that limit our right to sublicense you the Marks, other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use, sub-license and display the Marks from Driving Academy, Inc. pursuant to an intellectual property license agreement. The intellectual property license agreement may be modified or terminated if we fail to follow the operating, merchandising and advertising policies, and such other quality standards that are established by Driving Academy, Inc. In addition, Driving Academy, Inc. has the right to substitute alternative trademarks for license at any time. Therefore, you may have to change the trademarks that you use in operating your Franchised Business at



your expense. The intellectual property license agreement will remain in effect for as long as we offer franchises, or unless we are in default of the intellectual property license agreement.

Upon termination of the intellectual license agreement for any reason, we and franchisees must discontinue all use of the Marks in any form, remove the Marks from our website(s) and any of our franchisees' web pages, modify any and all identification of the Franchised Business with, or reference to, the Marks, and refrain from making any subsequent representation, advertisement or published statement or product sales using or in reference to the Marks, or the business previously conducted using the Marks, and take such action as shall be necessary to change any corporate name, assumed name or equivalent registration which mentions or refers to the Marks, or any mark similar thereto.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or participate in your defense, protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to such modification, substitution, or discontinuation within a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business, and to purchase and install new signs including all signage and graphics on your Vehicles. We have no liability to you for such modification or discontinuance.

There are no infringing uses actually known to us as of the Issuance Date of this Disclosure Document that could materially affect your use of the Marks in the State of New Jersey or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with offering and selling services and products; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;

(c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the Marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must also prominently display in your Business that we are not a joint employer of you and that you are solely responsible for all employment-related decisions and matters. You must identify yourself as the owner of your Franchise by placing your name on the Business and on all Vehicles, checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase “A franchise of Driving Academy Franchising, Inc.” or such other phrase as we occasionally direct.

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

We do not own any registered patents or copyrights or have any pending patent applications which are material to the Franchise; however, we claim copyright and common law trade secret protection for several aspects of our System, services, programs (such as our proprietary commercial truck driving job placement guarantee program), Curriculum (including all workbooks, handouts and materials), equipment, products, methods, strategies, techniques, our proprietary software, third-party software, forms, business procedures, fixtures, signage, photographs, video presentations, website, Vehicle appearance standards, Operations Manual, workbooks and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. We also reserve the right to renew any and all such copyright registrations at our discretion.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements that limit our right to sublicense you the copyrights and trade secrets other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use and sub-license for our proprietary software, copyrights, trade secrets and other proprietary information pursuant to an intellectual property agreement with Driving Academy, Inc. The license agreement for our proprietary software may be terminated if we fail to follow Driving Academy, Inc.’s quality standards or if we fail to make payments. Other than as provided in the previous sentence, our agreement with Driving Academy, Inc. can only be terminated in writing. The intellectual property license agreement may also be modified or terminated if we fail to follow the operating, merchandising and advertising policies and such other quality standards that are established by Driving Academy, Inc. In addition, Driving Academy, Inc. has the right to substitute an alternative software, copyrighted materials and/or trade secrets for license at any time. The intellectual property license agreement with Driving Academy, Inc. will remain in effect for as long as we offer franchises, unless we are in violation of the intellectual property license agreement.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets, or claim by any person of any rights in any copyright or trade secret of which you become aware. We have the sole discretion to take such action, as we deem

appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to such modification, substitution, or discontinuation within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information that includes our: services, Curriculum (including all workbooks, handouts and materials) in addition to our specific operational strategies, methods, processes, unique techniques when teaching students and performing services; our programs (such as our proprietary commercial truck driving job placement guarantee program), relationships with vendors and suppliers, purchasing strategies, inventory management systems, specifications for all equipment, products and supplies used; cost and pricing strategies, safety, efficient scheduling and operational procedures to manage high volume; strategies for site acquisition, build-out and design specifications that include furnishings, fixtures, signage and driving course setup; guidelines for hiring, training and retaining employees and independent contractors (if you choose to hire independent contractors), Vehicle appearance standards (including our vehicle graphic specifications), website, intranet system that includes our commercial truck driving job placement board, proprietary software, third-party software, Operations Manual, workbooks and materials, photographs, video presentations, forms, contracts, record keeping and reporting procedures; our proprietary student acquisition, onboarding and retention programs, advertising, marketing, networking, social media and promotional strategies and materials in addition to systems and knowledge of, and experience in, the operation and franchising of a Driving Academy™ business (the “Confidential Information”). We will disclose Confidential Information to you during our initial franchise training program, seminars, workshops, continuing education sessions and conventions sponsored by us in the Operations Manual and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors develop any new piece of equipment, service, curriculum, product, program, video presentation, photograph, concept, method, technique, formula, recipe, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However, as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new piece of equipment, service, curriculum, product, program, video presentation, photograph, concept, method, technique, formula, recipe, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledge that any such equipment, service, curriculum, product, program, video presentation, photograph, concept, method, technique, formula, recipe, process, technique or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make

unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees and independent contractors of your Franchise and any other business(es) owned by you and if you are an Entity, any of your Owners, and the use of nondisclosure and non-competition clauses in employment agreements with your employees, independent contractors and Owners where enforceable under state law.

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

The Franchise Agreement provides that a Driving Academy™ Franchise must at all times be under your direct, day-to-day, full-time supervision (or if you are an Entity such as a limited liability company, partnership or corporation, then a managing Owner of such Entity, approved by us) or the non-Owner manager of your Business who is approved by us. This person must have a valid commercial driving instructor license or any license and/or certification as may be required by your state and/or county (as described in Item 1), successfully completed our training program and must use his/her best efforts in the operation of a Driving Academy™ Business.

You are required to retain a manager (referred to as “Manager”) for the management and operation of the Business. The Manager must meet all our standards and criteria for such positions as set forth in the Operations Manual. The Manager may, but need not, be you or one of the Owners or lead certified commercial driving instructor of the Business. The Manager need not have any set percentage of the equity of the Franchised Business. Your Manager must devote all of his or her time and effort to the personal supervision of the Business, must be present at the Business whenever it is open for operation (within reason) and must use his or her best efforts in the operation of the Business. This individual and their replacements must also satisfy the applicable training requirements as outlined in the Franchise Agreement. We have the right to require that the Manager or any other manager or lead certified commercial driving instructor be at the Business for any inspection we conduct (Franchise Agreement Section XII.F).

If we, in our sole discretion, find that your Manager is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation. However, we are not responsible for the hiring, discipline, or termination of any Manager that you employ. Upon termination of employment of your Manager, you must appoint a successor Manager within 30 days. Any replacement Manager (who we may disapprove in our sole and absolute discretion) must be trained by you in accordance with our standards. To clarify, any replacement Manager (if this person is someone other than you) is to be trained by you at your expense.

Our approval of a Manager and lead certified commercial driving instructor other than you is conditional upon that person entering into a confidentiality and restriction of like business agreement containing covenants like those contained in the Franchise Agreement and Schedule 8 of the Franchise Agreement against engaging in competing businesses and use and/or disclosure of our confidential business information during the tenure of employment with you and for a period of three years following the termination of such person’s employment with you. You will provide us with copies of the same upon request.

If you are an Entity, each of your Owners that holds more than 10% interest in the Franchised Business must personally guarantee your obligations under the Franchise Agreement and also agree to be

personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. Franchisee's spouse must also sign the personal guaranty. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

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

Due to the differing nature of markets across the United States, and because the size of each individual Business will vary, you will have a wide variety of possible sites to choose from which to conduct your business operations with our approval. You may not use the Driving Academy™ Business premises for any other purpose than the operation of a Driving Academy™ Business, unless otherwise approved by us in writing. Alternative operation sites that may be approved can include for example, incorporating your Franchise operations within the premises of an existing complementary business.

You must comply with all of our standards and specifications relating to the purchase and use of all equipment, products, supplies, furniture, fixtures, technology items, Vehicles, vehicle graphics, signage, printed advertising materials and other items to be used or sold in the Business.

You are required to offer only approved services, use our Curriculum and sell only approved products (if we authorize you to sell products in the future) as specified by us that includes but is not limited to: different commercial truck driving training packages and ala cart commercial truck driving training programs, our signature classroom commercial driving license training programs for commercial trailers, semi-trucks and busses (Class A, Class B and commercial driver license endorsement) that incorporates practice tests, hands-on virtual driving training programs using our real-life simulator, behind-the-wheel training on our designated truck driving course in either a commercial truck/trailer, semi-truck or bus, different payment plan options and our proprietary service guarantee program in addition to commercial truck driving job placement services and other commercial truck driving related services products as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market and any updates to be incorporated in the Operations Manual periodically. You must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list of services, equipment, products you are authorized to offer, perform, use and sell during our initial training program. We will also provide with our Curriculum you are required to use during our initial training program. You must use only the Curriculum and offer, perform and sell only the services and products (if we authorize you to sell products in the future) that we have expressly approved in writing. We reserve the right to change, modify or discontinue such services, equipment, products and Curriculum you are authorized to offer, perform, use and sell at any time upon 90 days written notice to you and you may be required to participate in any promotion we offer which may change from time to time. To clarify, you must: offer, perform and use only our Curriculum and the services we specify; offer for sale only the products we specify (if we authorize you to sell products in the future); comply with our standards pertaining to using our Curriculum and the execution of all services; and use and maintain the equipment, technology items, products, supplies and services for the operation of your Business as described in the Operations Manual or other written instructions.

You must perform all services only from your Business and/or within your Territory and can sell products (if we authorize you to sell products in the future) to anyone either from your Business or at off-site events within your defined Territory; and you acknowledge that we allow you and other franchisees or

company-owned businesses the same right to perform services within their respective areas and sell products to anyone from anywhere (if we authorize the sale of products in the future) so long as such sales do not result in Target Marketing. You may offer additional services and products that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products (if applicable) are offered and the time to approve or deny your request is 30 days. You can provide services and sell products (if we authorize you to sell products in the future) at any rate and/or price you establish as we will suggest rate and pricing strategy and will establish minimum and maximum rates and/or prices at which you may provide services and sell products to the extent allowed by federal and state laws. You must discontinue using, offering, performing and selling any service (including our proprietary commercial truck driving job placement guarantee program or any other program we may develop in the future), Curriculum, equipment or product that we may disapprove in writing at any time, whether such service, Curriculum, piece of equipment or product is being submitted for approval or currently in use. We can and expect to change the types of services, Curriculum, equipment and products we authorize. There are no limits on our right to do so. We will inform you by email or by any other form of written communication of such changes and/or modifications. You may not promote, offer, perform, use or sell any service, Curriculum, equipment or product that has not been specifically approved by us in writing. You may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any product or piece of equipment for any manufacturer or vendor inside or outside your Territory without our written consent.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees or company-owned businesses to promote and sell services and products (if we authorize you to sell products in the future) through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create competition and you will not receive any compensation from services performed or sales made by other franchisees or company-owned locations. If we authorize you to promote and sell such services and/or products (if we authorize the sale of products in the future) through alternative channels of distribution, all services must be performed from within your Business and/or within your Territory and all products must be sold and shipped either from your Business or at off-site events within your Territory. Unless otherwise approved by us in writing, you are not authorized to promote services or sell any products on the Internet or in any other media, whether known or hereinafter invented.

You must participate in any gift certificate, gift card, rewards, or loyalty program we establish. You may not create or issue your own gift certificates, gift cards, loyalty or rewards program unless otherwise approved by us.

You must maintain proper permits and licenses to operate a Driving Academy™ Business and provide services and sell products (if we authorize you to sell products in the future) in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law.

You are encouraged to directly advertise and market to secure students, promote, offer and sell services and products (if we authorize you sell products in the future) to anyone located within your Territory. We place no restrictions upon your ability to secure students, promote, offer and sell services and products (if applicable) to anyone from anywhere; provided all services are performed from your Business and/or within your Territory and, if we authorize you to sell products in the future, such products are sold and shipped from your Business. You can also promote services and sell products (if applicable) at off-sites events within your Territory in accordance with our standards. You are prohibited from conducting business

at off-site locations in any other geographical area or through any alternative channels of distribution without our permission.

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

**THE FRANCHISE RELATIONSHIP**

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

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term.	FA Section VII.A	FA- Initial term is 10 years.
b. Renewal or extension of the term. (and option to purchase additional franchises)	FA Section VII.B and Exhibit F	FA-Up to two five-year renewals if you meet certain term requirements. You can exercise an option to purchase additional franchises under certain requirements.
c. Requirements for you to renew or extend	FA Section VII.B	FA - Written notice from you to renew, you must be in full compliance with the FA, sign then current FA, pay the renewal fee, comply with our then current training and qualification requirements, execute a general release; and upgrade the Business to the then current standards. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by you.	FA Section XXIII.D	Not applicable.
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA -Sections XXIII.B and XXIII.C	FA – You breach a material provision of the Franchise Agreement or you fail to open the Franchised Business within the required time period.
g. “Cause” defined – curable defaults.	FA- Section XXIII.B	FA- Violation of health or safety laws upon 72 hrs. notice; 5 days for failure to pay amounts owed; 60 days for all other defaults.

h. "Cause" defined – non-curable defaults.	FA- Section XXIII.C	Failure to open the Business, you fail to attend and satisfactorily complete the initial training program; you fail to submit financial statements, tax returns, you use our names or marks on the Internet without our prior written consent; unauthorized use of Confidential Information; you engage in unfair business practices; abandonment or surrender of control of Business; misrepresentation or omission in application; felony conviction; unauthorized assignment or improper assignment upon death or disability; loss of possession of Business; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; you fail to satisfy a final judgment within 30 days; and bankruptcy.
i. Your obligations on termination / non-renewal	FA- Section XXIV	FA -Cease operating Franchised Business cease use of Confidential Information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants and see "r" below.
j. Assignment of contract by us	FA- Section XXII.C	No restriction on our right to assign.
k. "Transfer" by you – defined	FA- Section XXII.B	Includes transfer of the FA and Business assets by you.
l. Our approval of transfer by you.	FA- Section XXII.C and XXII.E	FA -We have the right to approve all transfers by you.
m. Conditions for our approval of transfer.	FA- Section XXII.C and XXII.E	FA- Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of FA; you sign and deliver other required documents including a release.
n. Our right of first refusal to acquire your Business.	FA- Section XXII.C and XXII.E	FA - We have the right to acquire your Business under the same terms you are offering to a third party.
o. Our option to purchase your Business.	FA- Sections XXII.C and XXII.E	FA- You must notify us if you plan to transfer your Business to a third party. After we have been notified, we will notify you



		whether we will purchase your Business. We have the right to match any offers
p. Your death or disability.	FA- Section XXII.D	FA - Franchise must be assigned or transferred to approved buyer within six months.
q. Non-competition covenants during the term of the Franchise.	FA- Section XIX.C	FA - No involvement in any competitive business anywhere in the United States other than existing business.
r. Non-competition covenants after the franchise is terminated or expires.	FA- Section XIX.C	FA - No interest in competing business for two years within thirty miles of any company owned outlet or other franchises.
s. Modification of the Agreement.	FA- Section XXV.J	FA - No modification except by written agreement, Operations Manuals are subject to change.
t. Integration / merger clause.	FA- Section XXV.J	FA – Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA- Section XXV.D	<p>FA- 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 or binding arbitration, which will take place in Linden, New Jersey. 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. (subject to state law).</p>
v. Choice of forum.	FA- Section XXV.G	FA –Judicial enforcement in Union County, State of New Jersey (subject to state law).
w. Choice of law.	FA- Section XXV.G	FA - State of New Jersey laws apply (unless prohibited by laws of state where Franchise is located).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of December 31, 2022, we had one affiliate-owned business (the “Affiliate-Owned Location”) and zero franchised locations (“Franchised Location”). The Affiliate-Owned Location is substantially similar to the Business that you will operate under the Franchise Agreement.

Part I of this Item sets forth the total Gross Revenue for the Affiliate-Owned Location over the 2020, 2021, and 2022 calendar years (each, a “Measurement Period”).

Part II of this Item sets forth certain key performance indicators (“KPIs”) such as the number of new leads, contacts made, appointments set, and tours achieved by the Affiliate-Owned Location each month during the 2020, 2021, and 2022 Measurement Periods.

**PART I: TOTAL GROSS REVENUE GENERATED BY THE AFFILIATE-OWNED LOCATION OVER THE 2020, 2021, AND 2022 CALENDAR YEARS**

<b>Affiliate-Owned Location</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Gross Revenue<sup>1</sup></b>	\$2,624,609	\$5,011,432	\$6,756,518

**Explanatory Notes to Part I:**

- Gross Revenue.** “Gross Revenue” means the gross amount, in money or other forms of consideration, that the Affiliate-Owned Location earned or received from any source-related to, or in connection with, the operation of the Affiliate-Owned Location, whether on or off the premise. This includes any revenue received from the performance of services in addition to revenue received from enrolling students and/or fees collected for packages or programs (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees; monthly, semi-annual, or yearly dues and all revenues generated and derived during any presale of any package or program) and from the sale of all products (if we authorize you to sell products in the future). Gross Revenue also includes fair market value for any product or service received in barter or exchange for the services or products, the retail value of any discounted, donated and/or complimentary (free) services or products provided and all insurance proceeds that received for the loss of the business due to a casualty to or similar event at the Affiliate-Owned Location. We exclude only (i) gratuities paid by students to employees of the Affiliate-Owned Location; (ii) service fees for credit card

transactions, sales tax receipts and governmental fees that we must by law collect or pay; (iii) any student refunds of previous payments actually made in good faith; (iv) revenues from any sales taxes, other add on taxes or required governmental fees collected from students for transmittal to the appropriate taxing or governmental authority; and (v) the retail value of any discounted, donated and/or complimentary (free) services or products offered up to a maximum of 4% of Gross Revenues for the Affiliate-Owned Location.

**PART II: CERTAIN KPIs ACHIEVED BY THE AFFILIATE-OWNED LOCATION DURING THE 2020, 2021, AND 2022 MEASUREMENT PERIODS**

**2020**

Month	New Leads <sup>1</sup>	Contacts Made <sup>2</sup>	Voicemails <sup>3</sup>	Total Contacts <sup>4</sup>	Appts. Set <sup>5</sup>	Tours <sup>6</sup>	Students <sup>7</sup>	Call to Appt. Ratio <sup>8</sup>	App. To Show Ratio <sup>9</sup>	Tour Closing Ratio <sup>10</sup>	Web Lead 1 <sup>st</sup> Call <sup>11</sup>	Day 1 Close Rate <sup>12</sup>
Jan.	815	1,516	2,794	4,310	320	210	77	21%	71%	37%	25%	23%
Feb.	775	1,352	3,137	4,489	310	210	80	23%	66%	38%	17%	22%
Mar.	771	1,489	4,320	5,809	365	175	67	25%	46%	38%	16%	21%
Apr.	799	1,032	3,633	4,665	403	179	51	39%	46%	28%	15%	15%
May	936	874	3,556	4,430	465	162	58	53%	34%	36%	27%	17%
June	1,031	880	1,652	2,532	451	229	131	51%	52%	57%	42%	34%
July	1,042	777	1,188	1,965	373	243	111	48%	68%	46%	30%	31%
Aug.	896	696	1,025	1,721	348	249	121	50%	68%	49%	33%	32%
Sept.	969	708	592	1,300	331	285	123	47%	89%	43%	36%	32%
Oct.	1,074	1,176	1,104	2,280	426	273	133	36%	66%	49%	37%	36%
Nov.	967	1,023	1,223	2,246	353	215	111	35%	59%	52%	39%	37%
Dec.	823	777	1,087	1,864	280	214	122	36%	74%	57%	23%	39%
<b>Total</b>	<b>10,898</b>	<b>12,300</b>	<b>25,311</b>	<b>37,611</b>	<b>4,425</b>	<b>2,644</b>	<b>1,185</b>	-	-	-	-	-

**2021**

Month	New Leads <sup>1</sup>	Contacts Made <sup>2</sup>	Voicemails <sup>3</sup>	Total Contacts <sup>4</sup>	Appts. Set <sup>5</sup>	Tours <sup>6</sup>	Students <sup>7</sup>	Call to Appt. Ratio <sup>8</sup>	App. Show Ratio <sup>9</sup>	Tour Closing Ratio <sup>10</sup>	Web Lead 1 <sup>st</sup> Call <sup>11</sup>	Day 1 Close Rate <sup>12</sup>
Jan.	890	864	699	1,563	277	276	139	32%	100%	50%	39%	33%
Feb.	697	1,025	1,211	2,236	279	213	123	27%	76%	58%	28%	45%
Mar.	647	1,218	1,912	3,130	265	298	163	22%	112%	55%	20%	42%
Apr.	612	935	1,698	2,633	251	251	172	27%	100%	69%	38%	47%
May	800	946	1,309	2,255	282	225	156	30%	80%	69%	22%	49%
June	706	795	947	1,742	227	276	164	29%	122%	59%	21%	47%
July	740	975	1,796	2,771	290	274	156	30%	94%	57%	19%	42%
Aug.	828	1,317	2,620	3,937	289	272	162	22%	94%	60%	30%	45%
Sept.	889	1,214	2,503	3,717	308	264	127	25%	86%	48%	29%	39%
Oct.	1,116	2,008	3,828	5,836	451	303	168	22%	67%	55%	28%	42%
Nov.	1,187	2,157	4,233	6,390	444	292	176	21%	67%	60%	29%	46%

Month	New Leads <sup>1</sup>	Contacts Made <sup>2</sup>	Voicemails <sup>3</sup>	Total Contacts <sup>4</sup>	Appts. Set <sup>5</sup>	Tours <sup>6</sup>	Students <sup>7</sup>	Call to Appt. Ratio <sup>8</sup>	App. Show Ratio <sup>9</sup>	Tour Closing Ratio <sup>10</sup>	Web Lead 1 <sup>st</sup> Call <sup>11</sup>	Day 1 Close Rate <sup>12</sup>
Dec.	1,337	2,113	3,776	5,889	535	356	211	26%	66%	59%	33%	47%
<b>Total</b>	<b>10,449</b>	<b>15,567</b>	<b>26,532</b>	<b>42,099</b>	<b>3,906</b>	<b>3,300</b>	<b>1,917</b>	-	-	-	-	-

**2022**

Month	New Leads <sup>1</sup>	Contacts Made <sup>2</sup>	Voicemails <sup>3</sup>	Total Contacts <sup>4</sup>	Appts. Set <sup>5</sup>	Tours <sup>6</sup>	Students <sup>7</sup>	Call to Appt. Ratio <sup>8</sup>	App. Show Ratio <sup>9</sup>	Tour Closing Ratio <sup>10</sup>	Web Lead 1 <sup>st</sup> Call <sup>11</sup>	Day 1 Close Rate <sup>12</sup>
Jan.	1,866	2,375	2,626	5,001	655	482	267	28%	75%	55%	40%	48%
Feb.	2,123	1,897	1,257	3,154	604	532	301	32%	86%	57%	41%	45%
Mar.	2,107	2,994	2,558	5,552	813	582	281	27%	75%	48%	37%	35%
Apr.	1,580	2,961	3,440	6,401	596	429	241	20%	70%	55%	32%	33%
May	1,355	3,008	2,944	5,952	463	383	234	15%	79%	61%	31%	42%
June	1,458	2,987	3,294	6,281	427	329	197	14%	81%	60%	33%	41%
July	1,342	2,400	2,659	5,059	546	350	178	23%	64%	51%	38%	35%
Aug.	1,412	2,417	2,695	5,112	596	428	203	25%	75%	47%	33%	34%
Sept.	1,245	1,917	1,892	3,809	431	334	183	22%	77%	55%	41%	38%
Oct.	1,187	2,266	2,245	4,511	422	308	168	19%	69%	55%	29%	36%
Nov.	1,054	2,759	3,767	6,526	523	306	140	19%	59%	46%	50%	34%
Dec.	1,095	2,760	3,702	6,462	535	310	164	19%	60%	53%	38%	36%
<b>Total</b>	<b>17,824</b>	<b>37,041</b>	<b>33,079</b>	<b>63,820</b>	<b>6,611</b>	<b>4,773</b>	<b>2,557</b>	-	-	-	-	-

**Explanatory Notes to Part II:**

- New Leads.** “New Leads” means the number of potential customers that initiated an inbound contact to the Affiliate-Owned Location, whether that be through filling out a form online, calling the Affiliate-Owned Location directly, or came into the location to inquire about the services.
- Contacts Made.** “Contacts Made” means the number of potential customers that the Affiliate-Owned Location spoke with, which could be inbound or outbound communications. This only includes phone calls and does not include email communications.
- Voicemails.** “Voicemails” means the number of outbound calls to follow up with potential customers.
- Total Contacts.** “Total Contacts” is calculated by adding Contacts Made and Voicemails.
- Appointments Set.** “Appointments Set” means the number of appointments that were scheduled for a potential customer to visit the Affiliate-Owned Location.

6. **Tours.** “Tours” means the number of potential customers that came to take a tour of the Affiliate-Owned Location.
7. **Students.** “Students” means the number of potential customers that actually signed up to receive Services from the Affiliate-Owned Location.
8. **Call to Appointment Ratio.** “Call to Appointment Ratio” is calculated by dividing Appointments Set by Contacts Made.
9. **Appointment to Show Ratio.** “Appointment to Show Ratio” is calculated by dividing Tours by Appointments Set.
10. **Tour Closing Ratio.** “Tour Closing Ratio” is calculated by dividing Students by Tours.
11. **Web Lead 1<sup>st</sup> Call.** “Web Lead 1<sup>st</sup> Call” means the percent of web leads that the Affiliate-Owned Location actually had a conversation with on its first attempt.
12. **Day 1 Close Rate.** “Day 1 Close Rate” means the percent of Students that signed up for Services the same day as taking a Tour.

**General Notes:**

1. **Only the Affiliate-Owned Location has earned this amount. Your individual results may differ. There is no assurance you will sell as much.**
2. Copies of our financial statements that form the basis for our financial performance representation are available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jonathan Marques, 200 East Edgar Road, Linden, New Jersey 07036, (908) 525-3609, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2020 TO 2022**

Outlet Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	1	+1
Company-Owned*	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total	2020	1	1	0
	2021	1	1	0
	2022	1	2	+1

**TABLE 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
FOR THE YEARS 2020 TO 2022**

STATE	YEAR	NUMBER OF TRANSFERS
TOTAL OUTLETS	2020	0
	2021	0
	2022	0

**TABLE 3  
STATUS OF SINGLE UNIT FRANCHISE OUTLETS  
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
NEW JERSEY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
TOTALS	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

**TABLE 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
NEW JERSEY	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
PENNSYLVANIA	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
TOTALS	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

\* “Company-owned Outlets” includes the non-franchised business owned and operated by our affiliates. These businesses are not part of the Franchise System. They may be sold to others or to a franchisee in the future.

**TABLE 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

STATE	UNIT FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

A list of the names of all Franchisees and the addresses and telephone numbers of their Driving Academy™ Business are listed as Exhibit H to this Disclosure Document. A list of the name and last known home address and telephone number of every Franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2022 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit I.

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

At this time, there are no previously owned Driving Academy™ franchised outlets for sale.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchised system.

At this time there are no trademark specific franchisee organizations representing Driving Academy™ franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Our audited financial statements for the period from our date of formation on June 18, 2021, to December 31, 2021, as well as the fiscal year ended December 31, 2022, are attached to this Disclosure

Document as Exhibit J. Our fiscal year end is December 31. We have not been in business for three years or more and cannot include all the financial statements required by the Rule for our last three fiscal years.

**ITEM 22**  
**CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement - Exhibit A  
Schedule 1 – Authorization for Pre-Arranged Payments  
Schedule 5 – Individual Guaranty  
Schedule 6 – Collateral Assignment of Lease  
Schedule 8 – Confidentiality and Non-Compete Agreement

State Addenda – Exhibit D  
Option Agreement – Exhibit F  
Sample Release Agreement – Exhibit G

**ITEM 23**  
**RECEIPTS**

Included as the last document of this Disclosure Document (Exhibit K) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.



**EXHIBIT A**

**FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT

Between

Driving Academy Franchising, Inc.

and

---

Franchisee



# FRANCHISE AGREEMENT

Between

**Driving Academy Franchising, Inc.**

200 East Edgar Road

Linden, NJ 07036

Direct: (908) 525-3609

Toll-Free: (888) 525-3609

Email: [Jonathan@CDLDrivingAcademy.com](mailto:Jonathan@CDLDrivingAcademy.com)

Web: [www.CDLDrivingAcademy.com](http://www.CDLDrivingAcademy.com)

and

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Collectively referred to as “Franchisee”

**Driving Academy Franchising, Inc.**  
**FRANCHISE AGREEMENT**

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## Driving Academy Franchising, Inc. FRANCHISE AGREEMENT

### PARTIES

**THIS FRANCHISE AGREEMENT** (“Agreement”) is made by and between Driving Academy Franchising, Inc., a New Jersey corporation, hereinafter sometimes referred to as “DAF” or “Franchisor” or “we” and that party or parties described as the Franchisee in this Agreement and on the signature line, hereinafter known as “you” or “Franchisee”. If the Franchisee is a corporation or limited liability company, partnership or other entity, certain provisions of this Agreement also apply to your shareholders, members, partners, or owners. Any such entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.” For ease of reference, Driving Academy Franchising, Inc. will also be referred to as “we,” “us” or “our” in this Agreement. The persons signing as Franchisee, Owners or Guarantors will also be referenced to herein individually as “you” or “yours” or collectively as “Franchisee.” We and Franchisee (sometimes collectively referred to as the “Parties” and individually as a “Party”) are entering into this Agreement to evidence the agreement and understanding between the Parties as follows:

### RECITALS

**WHEREAS**, we have developed standards, specifications, business techniques, procedures and a comprehensive system for the establishment and operation of a truck driving school that provides classroom and hands-on truck driver training programs to help people prepare for the commercial driving license written exam and road test (“System”). Each Driving Academy™ business will use our proprietary curriculum (“Curriculum”) to provide different commercial truck driving training packages and ala cart commercial truck driving training programs that include our: signature classroom commercial driving license training programs for commercial trailers, semi-trucks and busses (Class A, Class B and commercial driver license endorsement) that incorporates practice tests, hands-on virtual driving training programs using our real-life simulator, behind-the-wheel training on our designated truck driving course in either a commercial truck/trailer, semi-truck or bus, different payment plan options and our proprietary service guarantee program in addition to commercial truck driving job placement services (collectively referred to as “Services”) and other commercial truck driving -related services and products approved by us at any Driving Academy™ franchised location (hereinafter referred to as the “Franchise,” the “Franchise Business,” the “Franchised Business” or “Business”); and

**WHEREAS**, we identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the marks “Driving Academy” and such other trade names, service marks, trademarks and trade dress as are now designated (or may be designated hereafter by us in writing) for use in connection with our System (referred to as the “Names and Marks,” “Names” or “Marks”); and

**WHEREAS**, we have entered into an exclusive intellectual property license agreement (“License Agreement”) with Driving Academy, Inc. for the right to use and sublicense to our franchisees the Names, Marks and other property in connection with the operation of a Driving Academy™ business; and

**WHEREAS**, we continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under its System, and to represent the System’s high standards of consistent quality, appearance and service; and



**WHEREAS**, we have established substantial goodwill and business value in our Names and Marks, expertise, and the System; and

**WHEREAS**, we have the right to license the System, including expertise for conducting and operating a business under the Marks; and

**WHEREAS**, Franchisee desires to obtain a franchise from us for the right to use our Names and Marks and the expertise for operating a Driving Academy™ Franchised Business, and to obtain the benefits and knowledge of our System including, but without limitation: Services and Curriculum complemented with specific methods, processes, formulas and techniques when teaching students and performing services; proprietary commercial truck driving job placement guarantee program, specifications for equipment and products used in the Business, purchasing strategies, relationships with vendors and suppliers, safety and operational procedures, quality and uniformity of all services offered; build out specifications with furnishings, unique décor, color scheme and signage; our website, franchise web page housed within our national website and intranet system incorporating our commercial truck driving job placement board, proprietary software, third-party software, photographs, videos, contracts and forms; guidelines for hiring and training and retaining employees; proprietary student acquisition and retention programs, networking, advertising, social media, and promotional strategies and materials; cost controls, management, administrative and record keeping procedures; and in general a style, method and procedure of business operation utilizing the Names and Marks and System, all as a Franchisee of ours; and

**WHEREAS**, Franchisee recognizes the benefits to be derived from being identified with and licensed by us and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.

**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:

**I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK & ABSENCE OF GUARANTEE**

Franchisee (and each Owner) hereby represents that Franchisee has conducted an independent investigation of our business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. We expressly disclaim the making of, and Franchisee acknowledges that it has not received any, warranty or guarantee, express or implied, as to the potential volume, profits or success of the Business contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guaranty of the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement and that we have expressly instructed all of our employees not to make any warranty, guaranty, statement, or representation regarding the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee is given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney. Franchisee hereby releases us, our employees, shareholders, managers, our affiliated companies, and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.

Franchisee acknowledges that we have not made, and do not hereby make, any representation or warranty as to potential revenues, income, margin, gross income, profits, volume or success of the Franchise or merchantability, performance, accuracy of informational content, system integration, quality of any computer programs or software that we may provide the Franchisee, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or any other representation or warranty

with respect to the System. We shall not be liable to Franchisee for, nor shall Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, any Services, products (if we authorize the sale of products in the future), or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the Business, or any loss of business, profits, consequential or other damage of any nature.

## **II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT**

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document, and attachments thereto. Franchisee further acknowledges that we have accorded Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, exhibits, attachments and schedules (collectively, the "Schedules") referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed and any money paid for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of ours to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties, and obligations we have made are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the Parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee and have made no representation that we will buy back from Franchisee any equipment, products, supplies, technology items (such as: computer or laptop, tablets, software, printer, modems and routers, flat screen television, camera surveillance system, a telephone and a sound system), furnishings, fixtures, vehicle, vehicle graphics, signage purchased by Franchisee in connection with the Business, except where we are otherwise required by law or regulation to buy back such items upon expiration or termination of this Agreement.

## **III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS**

We do not make Financial Performance Representations and have not included any such representations in the Franchise Disclosure Document. Franchisee, and each Owner or other person related to Franchisee who executes this Agreement, acknowledges that neither we nor any officer, director, employee or agent of ours have made, and Franchisee has not received or relied upon, any express written or verbal information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings, margins, volumes, or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "Financial Performance Representations"), except as may be in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

#### **IV. RELATIONSHIP OF THE PARTIES**

##### **A. Franchisee Is an Independent Contractor**

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public at all times, as an independent contractor operating its Business pursuant to a franchise from us. This Agreement is not intended to create, and shall not be interpreted as creating, a partnership, joint venture, agency, employment or personal services or similar relationship between us and Franchisee. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations and benefits on behalf of its employees. Franchisee acknowledges that we have no responsibility to ensure that Franchisee's Business is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Business violates any law, ordinance or regulation.

##### **B. Franchisor Is Not in a Fiduciary Relationship with Franchisee**

It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. In addition, we shall not have any fiduciary relationship to the Franchisee by virtue of the facts that we may operate a System Advertising Fund (as defined in Section X.B of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall we be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim, liability or judgment arising therefrom against the Franchisee or us.

The Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its Business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, such documents do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and independent contractors (if Franchisee chooses to hire independent contractors) and all acts of its employees and independent contractors in addition to all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section XII.F). Franchisee must disclose to each of its employees and independent contractors in writing, in a form approved by us in advance, that we are not a "joint employer" of the Franchisee's employees or independent contractors. Franchisee acknowledges that we do not control the Franchisee's personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising, and record keeping of its employees and independent contractors.

**V. FRANCHISE GRANT**

We hereby grant to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein, to operate a Business that has been assigned a protected territory as set forth in Section VI (referred to as the “Territory”) for the entire term of this Agreement, with the right to use solely in connection therewith our Names and Marks, Services, products (if we authorize the sale of products in the future), our advertising and merchandising methods, and our System, as they may be changed, improved and further developed from time to time only at the accepted location of the Franchisee’s Business as set forth in Section VI and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or if any other agreement is executed, this franchise includes no right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by us in the manner that Franchisee, in Franchisee’s sole and absolute discretion, deems most appropriate for the operation of a Driving Academy™ business, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

**VI. TERRITORY**

Franchisee is not granted an exclusive territory. The Territory is a protected marketing territory as defined in this Agreement. The location of the Franchise Business shall be: within the State of \_\_\_\_\_ in the county of \_\_\_\_\_. If the actual Franchise Business address has not yet been chosen, your Accepted Location shall be within an area referred to as the “Search Area”.

**The Search Area is:**

\_\_\_\_\_

**The exact “Accepted Location” of the Business is:**

\_\_\_\_\_

**The protected Territory will be:** \_\_\_\_\_ driven from any direction of the Business.

If the Parties do not select a territory (area in which franchisee wants to conduct business) prior to the signing of this Franchise Agreement, then it shall be entered at a later date, under the terms of this Agreement. Failure to agree on a Territory, secure a lease for the Business within ninety (90) days of execution of this Agreement and/or failure of Franchisee to open the Business for operation within one hundred eighty (180) days after the execution of this Agreement will permit us to terminate this Agreement, as provided in Section XXIII.C. The Territory, under the terms of this Agreement, will include up to fifteen (15) miles driven in any direction from the Business as defined by Google Maps or a similar computer mapping program. We reserve the right to grant a Territory that is larger or smaller than the fifteen (15) mile area described above, in order to account for more densely or sparsely populated areas. Franchisee may not conduct business at any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct business at off-site events (for example at job fairs, tradeshow, expos, promotional events, festivals, events, etc.) to promote Services and sell products (if we authorize the sale of products in the future) so long as such off-site events are within Franchisee’s Territory; and Franchisee can perform Services to anyone from anywhere so long as such Services are performed from Franchisee’s Accepted Location and within its Territory. However, Franchisee may be able to conduct

business at such off-site events in unassigned geographic areas outside its Territory with written permission by us as described below.

The size of the Territory which normally will be up to fifteen (15) miles driven in any direction from the Business (as described above), will be determined by population base, demographics of the surrounding area, household incomes, competition, availability of appropriate sites, adequate square footage, reasonable rent, business potential or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The Territory is determined once a location is chosen and approved by us and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, number of students Franchisee services, sales volume, market penetration or any other contingency. The boundaries of the Territory described above shall be determined by major topographical features which clearly define contiguous areas such as: streets, highways, freeways or other roadways, rivers, streams, mountains, and underdeveloped land.

Franchisee's Accepted Location must be within its Territory as identified above. We must consent to the site for the Business within the Territory in writing, especially prior to Franchisee becoming obligated to a lease or purchase agreement (if applicable). Franchisee may not operate the Business out of any other location other than its Accepted Location including operating any other business other than a Driving Academy™ Business at the Accepted Location unless otherwise set forth in this Agreement or made a part hereof by an addendum attached to this Agreement. Franchisee shall not relocate the Business within its Territory, without our express prior written consent (specified in Section XXII.A). During the term of this Agreement, we shall not establish or license another party or entity to establish, a Driving Academy™ business within the Territory outlined above. If Franchisee decides to buy the rights to additional Businesses, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement). If a geographical area whether it is adjacent or not adjacent to the Territory and is unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to Franchisee, and Franchisee will not have the right of first refusal or the option to buy the territory that was formally unassigned, unless there is a separate agreement to that affect.

Franchisee is encouraged to directly advertise and market to promote and offer Services, solicit students and sell products (if we authorize the sale of products in the future) within its Territory. Franchisee may provide Services and can sell products (if we authorize the sale of products in the future) to anyone from anywhere so long as the Services Franchisee performs are performed from Franchisee's Accepted Location and the products Franchisee sells (if we authorize the sale of products in the future) are sold from the Franchisee's Accepted Location or at off-site events within Franchisee's Territory. We, other franchisees, and company-owned businesses reserve the same right to promote and sell products (if we authorize the sale of products in the future) to anyone from anywhere and provide Services to anyone within their respective areas without compensation to Franchisee. Franchisee is not restricted as to the geographic area into which Franchisee may attract students, however Franchisee cannot perform any Target Marketing into any other territory of another franchisee or company-owned business. The term "Target Marketing" means a concerted effort by Franchisee to solicit and obtain students by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned business or any unassigned area. We shall use commercially reasonable efforts to deal with any franchisee that violates this policy.

Franchisee is also prohibited from promoting Services and/or selling products (if we authorize the sale of products in the future) through any alternative channels of distribution (such as Websites as defined below) without our written approval. If Franchisee is granted permission to promote Services or sell products (if we authorize the sale of products in the future) through an alternative channel of distribution, per our written approval, Franchisee may promote its Services and/or sell products (if we authorize the sale of products in the future) to anyone from anywhere without compensation to the other franchisees or

company-owned businesses so long as all Services are performed from its Accepted Location and all products are sold from the Accepted Location or at off-site events within its Territory. Currently we authorize our franchisees to promote Services on Yelp, Facebook, and Instagram. We, other franchisees and company-owned businesses are subject to the same restrictions and reserve the same right to promote Services and sell products (if we authorize the sale of products in the future) to anyone from anywhere through an alternative channel of distribution so long as such Services are performed from such company-owned or franchise locations and all products (if we authorize the sale of products in the future) are sold from such business locations or off-site events and within their respective areas without compensation to Franchisee. Our response to Franchisee's request to promote Services and sell products (if we authorize the sale of products in the future) through an alternative channel of distribution will be made within thirty (30) days after we receive such request by email or any other form of written communication (as described in Sections XII.H and XII.I of this Agreement). Approval may be revoked in our sole discretion by a written communication to Franchisee.

If Franchisee is asked to conduct business at off-site events (such as at job fairs, tradeshow, expos, promotional events, festivals, events, etc.) in geographical areas in which there is another franchisee or company-owned business, Franchisee must immediately refer that request to the Driving Academy™ business in that geographical area or directly to us. Franchisee must not conduct business at off-site events in that geographical area if another franchisee or company-owned business is operating in that geographic area. If the other franchisee or company-owned business gives Franchisee permission to conduct business at such off-site events, then Franchisee must immediately inform us in writing and Franchisee can then proceed to conduct business at such off-site event. If there is not a Driving Academy™ business in that geographical area, then Franchisee must submit a request to conduct business at off-site events to us and upon our written approval, Franchisee can proceed. Our response to Franchisee's request will be made within three (3) days after we receive it and we will respond by email or any other form of written communication. Approval may be revoked in our sole discretion by a written communication to Franchisee. Franchisee must be prepared to immediately cease conducting such events in that other geographical area when that unassigned area is purchased or if a company-owned business is placed in such area. We and other franchisees and company-owned businesses must refer off-site events within Franchisee's Territory to Franchisee.

If during the term of this Agreement, Franchisee is unable to accept new students or provide services to any existing students due to lack of space, excessive work or for any other cause, Franchisee must refer that student to another franchisee, company-owned business or to us. If Franchisee fails to: (i) refrain from Target Marketing, or (ii) refer off-site events and/or new students as described herein, we will have the right to terminate this Agreement as described in Section XXIII.C of this Agreement. For any default of this Agreement which triggers our ability to terminate, as an alternative to termination, we will have the right, in our sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee as provided in Section XXIII.F.

We encourage Driving Academy™ Businesses, when owned by different individuals, to work out a referral and advertising strategy and/or arrangement if they are within close proximity of each other. We must be notified in writing of and consent to all such arrangements.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Driving Academy™ franchisees will be permitted to provide Services and/or products (if we authorize the sale of products in the future) in accordance with the specifications described in any particular program established by us. Currently in effect is our proprietary Commercial Truck Driving Job Placement Guarantee Program (as described in Section XII.H) and our National Account program. The National Account program is defined as follows:

- i. The term “National Account” means a special class of customers which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for products, buildings or common-services in more than one location whose presence is not confined within any one particular franchisee’s Territory regardless of the aggregate contract amount of Services and/or products (if we authorize the sale of products in the future) the Franchisee performs or provides. Any dispute as to whether a particular account is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;
- ii. We shall have the exclusive right, unless otherwise specified in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreements to provide Services and/or offer products (if we authorize the sale of products in the future) to National Account customers, including any affiliate, company-owned or franchised locations within the Territory;
- iii. Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or products (if we authorize the sale of products in the future) to one or more National Account locations within the Territory, we will, if Franchisee is qualified and not in default under any terms of this Agreement and any Schedules, provide Franchisee the option to perform Services and/or offer such products (if applicable) pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;
- iv. If Franchisee elects not to perform Services and/or provide products (if we authorize the sale of products in the future) to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, then we shall have the right, exercisable in our sole discretion, to:
  1. Provide directly or through any other affiliate or franchisee utilizing our Marks, the Product and/or Services to a National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or
  2. Contract with another party to provide such Services or products (if applicable) to the National Account within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our proprietary marks or any trademarks, service marks or trade names.
- v. Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Services or products (if we authorize the sale of products in the future) to National Accounts as authorized in (i) above, nor if we contract with another party to provide such Services and/or products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the protected status of the Territory, even if such Services and/or products are performed or delivered within the Territory. Franchisee disclaims any compensation for Services performed or products sold by others in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on the location, operation, or otherwise of present or future Driving Academy™ (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products (if we authorize the sale of products in the future) within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services, products and/or equipment, in which we or any of our related persons or entities may be involved, now or in the future.

Any rights not expressly granted to the Franchisee are reserved to us. Such rights reserved to us include but are not limited to the following:

- 1) Own and/or operate ourselves, and/or authorize others to own and/or operate:
  - a) Any kind of business in the Territory, which is not substantially similar to a Driving Academy™ business, whether or not using the Marks and System and on any terms and conditions we deem appropriate; and
  - b) Any kind of business outside of the Territory, including, without limitation, Driving Academy™ businesses, whether or not using the Marks and System and on any terms and conditions we deem appropriate;
- 2) Develop, manufacture, distribute and sell Driving Academy™ labeled and branded (or any other brand) of products or equipment (if we develop products and/or equipment in the future) to anyone located anywhere (including within the Territory) using any channel of distribution and on any terms and conditions we deem appropriate (including, but not limited to, discount warehouses, retail stores, trucking or shipping facilities, over the Internet and/or similar venues and other channels of distribution such as television, mail, catalog sales or over the Internet) other than Franchisee's Business and on any terms and conditions we deem appropriate;
- 3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;
- 4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the Driving Academy™ Marks and System). Franchisee agrees to participate at its expense in any such conversion as instructed by us. However, if we acquire or merge with a business within Franchisee's Territory that is similar to a Driving Academy™ business, we will make commercially reasonable efforts to maintain the protected status of Franchisee's Territory;
- 5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, promote, offer and sell Services and products through the Internet, World Wide Web and other similar venues (no matter where the person(s) is located) without paying any compensation to Franchisee. The Internet is a channel of distribution reserved exclusively to us and Franchisee may not independently market on the Internet or conduct e-commerce, without our written consent; and



- 6) Acquire any Websites utilizing a domain name incorporating one or more of the words: academy, best, class, center, certified, commercial, drive, instructor, job, learn, license, school, service, teach, truck or wheel. The term “Website” includes: Internet as well as other electronic sites (such as social networking sites including, but not limited to, YouTube, Facebook, Twitter, LinkedIn, Instagram, Pinterest, Yelp, and blogs). Currently Franchisee is required to participate on Yelp, Facebook, and Instagram. Other than Yelp, Facebook and Instagram, Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. The Franchisee acknowledges that we have all right, title, and interest in and to such domain names, websites, and content, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising, or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any Internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall monitor its employees to avoid them making any such postings. We retain the right to pre-approve Franchisee’s use of linking and framing between the Franchisee’s web page and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee’s web pages and any other Websites, and cause any advertisements to be removed, if and as requested by us.

We may provide Franchisee, subject to certain terms and conditions, with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee’s Territory may be altered during the initial term, but only by: (i) mutual consent in writing from both Franchisee and us; (ii) at the time of transfer or renewal as a condition to transfer or renewal; (iii) for any default of this Agreement which triggers our ability to terminate as described above; or (iv) after our merger or other reorganization that involves assuming a similar type of business as Franchisee’s, after we have made reasonable efforts to preserve Franchisee’s Territory.

## **VII. TERM AND RENEWAL OF AGREEMENT**

### **A. Term**

The franchise herein granted for a Driving Academy™ Franchise, shall be for a term of ten (10) years from the date of execution and acceptance (the “Effective Date”) of this Agreement by us and subject to earlier termination as herein provided.

## B. Renewal

Franchisee shall have the option to renew this Agreement for up to two (2) additional terms of five (5) years, provided we are still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term. We will respond to Franchisee's written notice to renew no later than thirty (30) days after receipt of such notice by email or any other form of written communication;
2. Franchisee must currently not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the Franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to our satisfaction; (b) the Franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees; or (f) Franchisee has been in default of this Agreement more than three (3) times during the entire fifteen (15) year term of this Agreement;
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, and shall have timely met these obligations throughout the previous term;
5. Franchisee shall execute, before the renewal term, our then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement. Franchisee will be responsible for fifteen thousand dollar (\$15,000) renewal fee upon signing our then-current form of Agreement, which renewal may be for the same protected area as outlined in Section VI, or Territory, above;
6. Franchisee shall comply with our then-current qualification and training requirements;
7. Franchisee must execute a general release, in a form prescribed by us as described in Section XXIII.D of this Agreement, releasing any and all claims against us and our affiliates and their respective owners, officers, directors, managers, agents and employees, if such release is not in conflict with any local, state or federal laws; and
8. Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) to and maintain all vehicles in order to meet our then-current standards. All vehicle graphics, signage, equipment, furnishings, fixtures, technology items (such as: computer or laptop, tablets, software, printer, modems and routers, flat screen television, camera surveillance system, a telephone and a sound system) and any other equipment and/or products that are necessary to operate the Business as determined by us, in our sole discretion, must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

## **VIII. FRANCHISEE'S INITIAL INVESTMENT**

The Franchisee's initial investment will vary depending upon the time of year Franchisee opens its Business for operation; licenses and permits and bonds required by Franchisee's state (if applicable); the location of the Business and the size of Franchisee's facility; if the facility has an adjacent empty lot that Franchisee can convert into a driving course or if Franchisee need to lease an empty lot at a remote location along with a five hundred (500) sq. foot construction/office trailer; build-out expenses, amount of equipment, products and supplies Franchisee purchases; if Franchisee purchases used or new vehicles; number of employees Franchisee hires, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the Initial Franchise Fee.

## **IX. FRANCHISEE'S INITIAL FRANCHISE FEE**

### **A. Initial Franchise Fee and Payment**

By executing this Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of fifty thousand dollars (\$50,000) for a Driving Academy™ business. This Initial Franchise Fee includes the right to operate a Driving Academy™ Franchise within a protected Territory that is up to fifteen (15) miles driven in any direction from the Accepted Location determined by boundaries as described in Section VI of this Agreement. The Initial Franchise Fee includes a web page housed within our national website that will include access to our commercial truck driving job board and our intranet system, a startup kit that includes various marketing materials, access to a self-study program (and related materials) to be completed prior to attending our initial training program, access to our proprietary software, a comprehensive fourteen (14) day initial training program at corporate headquarters, our Operations Manual (and other materials) and up to seven (7) days of onsite assistance and guidance at Franchisee's location for either pre-opening or grand opening assistance.

The Initial Franchise Fee per this Agreement (i) is due upon execution of this Franchise Agreement, (ii) is uniform as to all persons currently acquiring a Franchise, and (iii) is non-refundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned upon the opening of the Business for the deliverables as described above in Section IX.A.

### **B. Time Limit for Starting Business**

Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII hereof and must secure a lease that has been approved by us (as described in Section XII.S) within ninety (90) days of the execution of this Franchise Agreement; and open the Business for operation (the "Opening") within one hundred eighty (180) days of the date of execution of this Franchise Agreement. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to perform Services and offer products (if we authorize the sale of products in the future). We may grant Franchisee, in our sole discretion, a period no longer than sixty (60) days past the allotted time within which to secure a lease and/or open the Business.

Upon Franchisee's failure to (i) agree on a Territory and/or timely satisfy the Opening requirement within one hundred eighty (180) days from the Effective Date; or (ii) acquire a lease within ninety (90) days from the Effective date then we may, in our sole discretion, terminate the Franchise and this Agreement and retain all fees paid by Franchisee, without breach of this Agreement as specified in Section XXIII.C.

During the term of this Agreement, the Business shall be located solely within the Territory and the Accepted Location shall be used exclusively for the purpose of operating a franchised Driving Academy™ business. In the event the Business shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Business within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Business will be that which existed just prior to the casualty; however, every effort should be made to have the restored Business include the then-current image, design and specifications of a Driving Academy™ business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Business from any cause whatsoever or requisition of the Business by any governmental entity or the taking of title to the Business by eminent domain or otherwise (collectively, “Loss”). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Business (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Business in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Business and it is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Business or find an alternative location within the Territory within ninety (90) days and the Territory shall be adjusted to account for the new location. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. Upon termination, the Franchisee must return to us all Business and System related materials, and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for any funds the Franchisee owes.

It is understood and agreed that, except as expressly provided herein, this Agreement includes no right of Franchisee to sub franchise.

#### C. Cooperation Required

Franchisee shall cooperate reasonably with us to ensure that the various actions occur which are necessary to obtain acceptance by us of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee’s Business and finances.

#### D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional Driving Academy™ Businesses, we may in our sole discretion, grant Franchisee the right to operate a second (2<sup>nd</sup>) Business and any subsequent Businesses for a reduced Franchise Fee of twenty-five thousand dollars (\$25,000) each. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement; and (c) the Franchisee must not currently be or have been in default of any of the terms of this Agreement or any other agreement plus any other requirements to purchase an additional franchise.

### X. OTHER FEES

#### A. Royalty Fees

In addition to the Initial Franchise Fee described in Section IX above, the following recurring payments are required to be made by the Franchisee. The Franchisee pays to us a “Royalty Fee” of ten

percent (10%) of total Gross Revenues for each calendar month and is to be received as we specify in writing. The Royalty Fee is due on the fifth (5<sup>th</sup>) day of each month (for the prior month) and begins immediately once Franchisee either starts: (i) enrolling students; (ii) collecting any type of fees for packages or programs; or (iii) when Franchisee's facility is open for operation (whichever comes first) then continues for the term of this Agreement. The Royalty Fee is uniform as to all persons currently acquiring a Driving Academy™ Franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H.

As used in this Agreement, "Gross Revenue" shall include all revenue accrued from the performance of Services and sales of all products (if we authorize the sale of products in the future) in, at, upon, about, through or from the Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business. This includes any revenue received from enrolling students and/or fees collected for packages or programs (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees; monthly, semi-annual, or yearly dues and all revenues generated and derived during any presale of any package or program) and from the sale of all products whether on or off the premises (if we authorize Franchisee to sell products in the future). Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its Services and products; the retail value of any discounted, donated and/or complimentary (free) Services or products (if we authorize the sale of products in the future) given to students in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. However, Gross Revenue shall not include: (i) service fees for credit card transactions; (ii) revenues from any sales taxes, other add on taxes or required governmental fees collected from students by Franchisee for transmittal to the appropriate taxing or governmental authority, (iii) gratuities paid by students to Franchisee's employees; (iv) the amount of cash refunds the Franchisee in good faith provides to its students; and (v) the retail value of any discounted, donated and complimentary (free) Services or products (if applicable) offered to students or employees up to a maximum of four percent (4%) of Gross Revenues for the Business. For clarity, in no event may Franchisee exclude or deduct from Franchisee's Gross Revenues more than the four percent (4%) under circumstances as described above. We have the right to change, modify or discontinue Franchisee's ability to exclude discounted, donated and complimentary Services and/or products (if we authorize the sale of products in the future), from Franchisee's Gross Revenue calculation for any reason whatsoever upon ninety (90) days' written notice to Franchisee. The sale and delivery of all Services and products performed away from the Business (such as off-site events) is included in computing Gross Revenue.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us a fee of twenty-five dollars (\$25), in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and a half percent (1.5%) per month or the maximum rate allowed by the laws of the State in which Franchisee's Business is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.

#### B. System Advertising Fee

Franchisee will pay a System Advertising Fee equal to one percent (1%) of Gross Revenues per calendar month to be paid in the same manner and same time as the royalty obligation (as defined in Section X.A) and will continue for the term of the Agreement. The System Advertising Fee can be increased by us and such increase will not exceed three percent (3%) of such fee per month in any calendar year. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Advertising Fee is to be received by us on or before the fifth (5<sup>th</sup>) day of each month for the prior month's Gross Revenue (as defined above in Section X.A). This fee will be deposited into our System Advertising Account (the "Fund") for ongoing technology, new equipment and product

development, and such national advertising or public relations programs (including media production costs) as we, in our sole discretion, may deem appropriate to promote the Driving Academy™. The Fund may also be used for local franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media (including media production costs) or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements, and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Driving Academy™ businesses owned or operated by us will contribute to the Fund on the same basis as franchisees once the Fund is established.

We may disclose the identity of vendors who pay promotional allowances to us upon request and only after Franchisee has signed an appropriate non-disclosure agreement. If we require Franchisee to buy items from a vendor who pays these allowances, we may do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees we receive from purchases that are not required to be made by Franchisee from a specified source. We are not obliged to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither we nor any of our owners, managers, officers, or employees has any fiduciary duty to the Franchisee regarding any System Advertising Account.

Franchisee's failure to pay required System Advertising Fees is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. We may remove Franchisee from advertising or marketing materials without notice if Franchisee fails to timely remit its System Advertising Fee.

#### C. Local Advertising Requirement

Franchisee must spend a minimum of nine thousand dollars (\$9,000) per calendar quarter on local advertising and promotion, in addition to payment of the System Advertising Fee required above. This local advertising requirement starts the second (2<sup>nd</sup>) month after the Franchisee's Business is deemed open for operation (as defined in Section X.A). We shall have the right to approve or disapprove any advertising proposed for use by Franchisee. Franchisee will spend at least three thousand dollars (\$3,000) on "grand opening" marketing and promotion within two (2) months (one month prior to the Business being open for operation and one month after the Business is open for operation); therefore, the Local Advertising Requirement for Franchisee's first quarter will be pro-rated taking into account the amount spent for grand opening during the first quarter Franchisee's Business was open for operation. Franchisee may choose to advertise the Business any way it chooses so long as such advertisements and marketing materials are approved by us (as described in Section XII.L) and are in the format as specified in our operations manual.

#### D. Electronic Funds Transfer

We reserve the right to require Franchisee to remit fees and other amounts due to us hereunder via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents including authorization, the attached Schedule 1 "Authorization Agreement for Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, Franchisee shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees charged due thereon. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to us (as defined in Section X.A) for any

reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to us as required hereunder; or (b) the amount due based on information retrieved from our approved computer system (whichever is greater).

#### E. Software and Ongoing Support Fee

Franchisee will be provided with access to our proprietary customer relationship software at no cost during the initial training program. Franchisee is required to use our proprietary customer relationship management software for its Business. This software program is specific to the commercial truck driving school industry that manages all leads, student information and payments, provides scheduling and reporting functionality, allows Franchisee send text notifications and integrates well with other third-party software programs. The software fee is for the usage and ongoing support of such program is currently five hundred to five hundred and fifty dollars (\$500-\$550) per month regardless of the number of end users or the size of Franchisee's database and is payable to us or our affiliates.

It is Franchisee's responsibility to install, maintain and upgrade any technology, networking and software necessary to implement and continue to use proprietary software at its own expense. Franchisee will have sole authority and control over the use of such software, day-to-day operations of the Business and its employees. At no time, will Franchisee's employees be deemed to be employees of ours. Franchisee acknowledges that software and ongoing support fees may be changed in response to any increase in the United States Consumer Price Index (except for our providers who we have no control over); if we, our vendors or manufacturers of such software make more functionality and/or features available; or if we or our affiliates believe that conditions in the overall economy or in the market for such software functionality warrant any change in fees. We may, at our sole discretion, change such software requirements (including fees, programs, codes and/or vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes; however, Franchisee recognizes that we have no control if our affiliates, approved vendors or manufacturers of such software increase the monthly fees as outlined above. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to use our approved software as described above and/or fails to comply with our software fee requirements as stated above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as described in Section XXIII.C of this Agreement.

#### F. Text Messaging Service Fee

Franchisee will be required to use a text messaging service for its Business. It is Franchisee's responsibility to find, hire and manage the text messaging service for its Business that meets our standards. Currently the cost for text messaging services are point zero, zero seventy-five cents (\$.0075) per text message and is payable to approved vendors or third parties. We may, at our sole discretion, change such text messaging service requirements at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes; however, Franchisee recognizes that we have no control over whether such text messaging service providers increase the fees as outlined above. Franchisee acknowledges that Franchisee must comply with such changes text messaging fees at its own expense. If Franchisee fails to comply with our text messaging service requirements, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

#### G. Web Page Edits, Updates, Changes, Maintenance and Promotion Fee

We, our affiliates and/or approved vendors will perform all web page edits, changes, updates, content revision and perform all website promotions over the Internet for Franchisee. Franchisee will pay a rate of sixty-five dollars to one hundred twenty-five dollars (\$65-\$125) per hour (or current fair market rates) to us, our affiliates, or approved vendors for such services. Any requests for changes, edits or updates to Franchisee's web page or any type of website promotion over the Internet must be approved by us in

writing and the work is to be performed by either of us, our affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request by email or any other form of written communication. We may change such web page maintenance, update and promotion requirements, at our sole discretion, and Franchisee shall have ninety (90) days after receipt of our written notice within which to adhere to the new web page maintenance, update and promotion requirements at Franchisee's expense, without any liability to us. If Franchisee fails to comply with our new web page edit, update, changes, maintenance and promotion requirements within the timeframe mentioned above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

#### H. Product, Vendor and Equipment Assessment Fee

Franchisee will pay a fee for our approval of any product, vendor and/or supplier or exercise equipment (to the extent not then on our list of approved equipment, products, vendors and suppliers), that Franchisee wishes to use or sell in the operation of the Business which may also require third party testing. The fee is three hundred dollars (\$300) for a single product, vendor and/or supplier that Franchisee wishes to use, sell and/or substitute in the Business. The fee is five hundred dollars (\$500) or the actual cost incurred by us for any piece of equipment that Franchisee wishes to use or substitute in the Business. We may waive these fees if the products, vendors, suppliers, or equipment that the Franchisee selects meet our requirements and make it on our approved list of equipment, products, vendors, or suppliers for all franchise locations.

Franchisee must obtain our written approval for the use of such equipment, products, vendors and/or suppliers in the Business (Section XII.I of this Agreement). We will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed equipment, products, vendors and/or suppliers. Such approval or disapproval shall be made by e-mail or any other form of written communication. Franchisee also acknowledges that the cost for third-party testing is Franchisee's responsibility.

### XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. We do not finance or guarantee the obligations of the Franchisee for a Driving Academy™ Business. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.A of this Agreement.

### XII. GENERAL OBLIGATIONS OF FRANCHISEE

#### A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System and adherence to our Operations Manual (the "Operations Manual" or "Manual") and compliance with our standardized design and specifications for performing Services and selling products (if we authorize the sale of products in the future), vehicle appearance standards and uniformity of the Business are essential to the image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Business, standards and operating procedures and further defines Franchisee's obligations under this Agreement. We may change or add to the Manual to reflect changes in our image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any consumer or marketing research program, which we may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations, and similar items.



B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Business other than that authorized pursuant to this Agreement, without our prior written approval. Neither Franchisee, nor any of its employees, may conduct any activity at the Business or in connection therewith which is illegal, or which could result in damage to the Names and/or Marks or our reputation and goodwill. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized, or illegal purpose.

Franchisee must conduct all business through the Driving Academy™ Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and sign and deliver to us, along with a signed copy of this Agreement, the Schedule 2 “Pre-Existing Businesses” attached to this Agreement.

C. Comply with Laws

Franchisee shall comply with all federal, state and local laws, ordinances, zoning laws, transportation laws, health and safety ordinances, laws and regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee’s state of operation. There are state and federal regulations that are specific to a Driving Academy™ Business and in most cases city or other local laws and regulations Franchisee will have to follow. Examples of federal laws and regulations include but are not limited to the Occupational Safety and Health Act (“OSHA”), Comprehensive Environmental Response Compensation and Liability Act, Federal Hazardous Waste Management laws, Environmental Protection Agency (“EPA”), Equal Employment Opportunity Commission (“EEOC”), Federal Trade Commission (“FTC”) and other similar federal laws and regulations. Examples of county and other local regulations include health and sanitation requirements, facility specifications; building and zoning codes; vehicle specifications; and others. Some states, require bonding requirements before any type of Services are performed and/or before a business can open for operation. Some states, require bonding requirements before any type of Services are performed and/or before a truck driving school business can open for operation. Franchisee is responsible for investigating and understanding how such laws, regulations and requirements could affect the operation of its Business.

In addition, all states and counties have licensing requirements which require Franchisee to be licensed by its state agency and have a commercial driving instructor license in order to perform such Services. Licensing requirements vary from state to state and may include all or a combination of the following: instructor training; testing; background checks and fingerprinting; payment of licensing and application fees; minimum length of experience to qualify for such license (which include minimum number of hours of behind the wheel instruction); minimum insurance requirements; curriculum requirements; facility location requirements; and minimum equipment requirements for vehicles. If Franchisee does not have a commercial driving instructor license or any other type of license or certification as required by your state or the minimum length of experience needed to qualify for such license or certification, then Franchisee must obtain such license or certification or hire (partner with) one individual who has such license or certification (if applicable) prior to signing this Agreement. Franchisee must comply with all industry specific license requirements. If Franchisee’s, its partner’s license or anyone representing Franchisee’s interest (such as its lead certified commercial driving instructor or any other instructor’s license) is revoked, suspended or restricted or an action is instituted by any governmental agency, Franchisee must immediately notify us in writing. Franchisee shall also furnish us with copies of certificates and endorsements evidencing that such required license or certification (such as a commercial driving instructor license or any other license and/or certification depending on what Franchisee’s state requires) is valid within ten (10) days after each of the following events (i) at any renewal period and (ii) at all instances of any change to, addition to or replacement of any partner or person who represents Franchisee’s interest. Failure to maintain (including any lapse, alteration, or cancellation of) Franchisee’s

or its partner's state or county required license or certification (or anyone representing Franchisee's interest); if such license or certification is revoked, suspended or restricted; and/or if any action is instituted by any governmental agency all of which require immediate notice to us, shall, in our sole discretion, be deemed a material breach of this Agreement as set forth in Section XXIII.C.

Franchisee must also comply with all consumer protection laws and regulations, including compliance with federal and/or state solicitation, telemarketing (for example, the "do not call" registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. Such laws include but are not limited to: wage and hour laws, child labor laws, Workers' Compensation and unemployment laws, laws relating to non-discrimination in hiring and accessibility, fire codes and building construction and other laws and regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee's state of operation. In addition, with respect to credit card transactions and consumer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card consumers and must be at all times compliant with the payment card industry data security standards ("PCI Compliant"). Copies of all subsequent inspection reports, with regards to the conduct of the Business which indicates the Franchisee's failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to us within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee's failure to perform Franchisee's obligations as described above.

We make no representations or assurances as to what bonds, licenses, permits, certifications, authorizations or otherwise will be required for Franchisee in the Franchisee's Territory in connection with a Driving Academy™ Business. We may provide assistance and guidance to Franchisee when obtaining bonds, permits, certifications and authorizations; however, it is Franchisee's sole responsibility to identify and obtain all bonds, permits, certifications and authorizations necessary for operation; pass any required inspections; and make sure that all its employees who work in the Business comply with all such laws and regulations as well as obtain any licenses, certifications or credentials to perform Services and sell products (if we authorize the sale of products in the future). Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications".

The Driving Academy™ business is designed, constructed and is to be operated in compliance with all local, state, and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though we may provide assistance to Franchisee with regard to space layout, Franchisee is responsible for compliance with all applicable federal, state, and local laws and regulations concerning access by people with disabilities. Any required modifications to the Business are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 4 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

#### D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its Owners if you are an Entity, officers, directors, shareholders, partners, members, agents, employees or independent contractors, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, our: Services, Curriculum (including all workbooks, handouts and materials) in addition to our specific operational strategies, methods, processes, unique techniques when teaching students and performing services; our programs (such as our proprietary Commercial Truck Driving Job Placement Guarantee Program as defined in Section XII.H), relationships with vendors and suppliers, purchasing strategies, inventory management systems, specifications for all equipment, products and supplies used; cost and pricing strategies, safety, efficient scheduling and operational procedures to manage high volume; strategies for site acquisition, build-out and design specifications that include furnishings, fixtures, signage and driving course setup; guidelines for hiring, training and retaining employees and independent contractors (if Franchisee chooses to hire independent contractors), vehicle appearance standards (including our vehicle graphic specifications), website, intranet system that includes our commercial truck driving job placement board, proprietary software, third-party software, Operations Manual, workbooks and materials, photographs, video presentations, forms, contracts, record keeping and reporting procedures; our proprietary student acquisition, onboarding and retention programs, advertising, marketing, networking, social media and promotional strategies and materials in addition to proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee or independent contractor of Franchisee which is not generally known in the trade or industry about our Services or products (if we authorize the sale of products in the future), including information relating to discoveries, ideas, teaching methods, purchasing, accounting, engineering, website development and design, recruiting, marketing or selling of Services and products (collectively referred to as “Confidential Information” and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of “know how,” Services, products (if we authorize the sale of products in the future), processes, methods and techniques developed by us and licensed to Franchisee for the operation of a Driving Academy™ Business are particular to the commercial truck driving school industry. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents and independent contractors, either during the term or after to the expiration or termination of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation, or in any other manner our ownership rights to any or all of the above Confidential Information.

#### E. Maintain and Renovate Business

Franchisee shall at all times maintain the Business in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements, improvements and alterations that may be determined by us to be necessary so that the vehicles and facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements, and alterations within the time and under the terms and conditions, which may be reasonably specified by us.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Business or its equipment, fixtures, furnishings, vehicles, vehicle graphics or signage does not meet our standards, Franchisee expressly agrees that we have the right to notify Franchisee,

specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Business and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

Franchisee shall maintain and refurbish the Business and all vehicles (including adhering to our vehicle appearance standards) at its expense, to conform to our design, trade dress, color schemes, and presentation of Marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements.

#### F. Maintain Competent Staff

We will create and make available to Franchisee and its Owners if Franchisee is an Entity, training programs and other selected training materials, as we deem appropriate. Franchisee must staff a manager (referred to as "Manager") to have day-to-day supervision for the operation and management of the Business. Franchisee's Business must be personally managed on a full-time basis by a Manager who has successfully completed our mandatory training and meet our then-current standards. The Manager may, but need not, be Franchisee or one of the Owners or lead certified commercial driving instructor of the Business; however, this does not relieve Franchisee of its responsibility. This Manager must have any license or certification as may be required by Franchisee's state and/or county (such as a commercial driving instructor license or any other license and/or certification depending on what Franchisee's state requires) as described in Section XII.C. Franchisee's Manager must be readily and continuously available to us. Franchisee will keep us advised, in writing, of all management personnel involved in the operation of the Business. Upon termination of its Manager, Franchisee must appoint a successor Manager within thirty (30) days, and train such replacement (who we may disapprove in our sole and absolute discretion) at its expense. Franchisee must replace and train a replacement Manager (who we may disapprove in our sole and absolute discretion if designated Manager does not meet our minimum training standards) in accordance with our training program at its expense. Replacement Managers may attend our training program for a fee and subject to space availability. Currently the fee is two hundred and fifty dollars (\$250) per person per day as described in Section XX.A of this Agreement. Franchisee is responsible for all our travel expenses (travel, room, board and food expenses) if we train its Manager at Franchisee's location; and Franchisee is responsible for all travel expenses for its Manager if training is at our corporate headquarters. We have the right to require that Franchisee's Manager and lead certified commercial driving instructor be at the Business for any inspection we, our affiliates or third parties conduct.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train all instructors, admission representatives and administrative help (referred to as "Employees") in an effort to provide Services to students according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Franchisee and any of its Owners, Manager and Employees are prohibited from providing any type of service that requires certain licenses, permits or certifications that have not been approved by us in writing. To clarify, under no circumstances should a Franchisee allow its lead certified commercial driving instructor or any instructor perform Services if such person is unlicensed or such person's license or certification has been revoked, suspended or restricted or an action is instituted by any governmental agency. Failure of Franchisee to adhere to these guidelines shall, in our sole discretion, be deemed a material breach of this Agreement as set forth in Section XXIII.C. Franchisee is solely responsible for its Employees and any independent contractors (if Franchisee chooses to hire independent contractors), terms of employment, compensation and the proper training in the operation of the Business. Franchisee is solely responsible for all independent contractors, employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. Franchisee acknowledges that at no time will Franchisee, its Manager or any of its Employees be deemed to be employed by us.

Franchisee must not use unethical tactics to recruit Employees or independent contractors. Franchisee shall properly hire Employees (subject to applicable employee protection laws) and independent contractors (if Franchisee chooses to use independent contractors) which may include carefully screening Employees and independent contractors by the use of background checks, before employing them, to ascertain fitness for employment. Specifically, Franchisee is strongly encouraged to use its best efforts, including taking every action required by applicable laws related to background checks of persons working in the Business, to ensure that no person is employed who has a record of child molestation or abuse, fraud, embezzlement, theft, immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of students or reflect adversely on our reputation or the System. Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's use of independent contractors, its Employees and Franchisee's hiring, firing and discipline decisions regarding Franchisee's Employee(s) including payment of wages and any applicable benefits.

Franchisee will not require its Employees and independent contractors (if Franchisee chooses to use independent contractors) to wear any type of uniform dress bearing one or more of the Marks while working at the Business. Franchisee acknowledges that we currently do not have such standard however we may, in our sole discretion, implement some type of uniform dress standard in the future and if we do, we will give Franchisee ninety (90) days written notice to comply with such new standard. Franchisee understands that if we implement such a uniform dress standard in the future, Franchisee will be required to comply with such standard at its own expense.

Franchisee will keep us advised, in writing, of all management and instructors involved in the operation of the Business.

#### G. Open Business within Time Limit

Time is of the essence. Franchisee must secure a lease within ninety (90) days of the execution of this Franchise Agreement and open the Business for operation within one hundred eighty (180) days of the date of execution of this Franchise Agreement which includes having obtained our approval prior to opening, subject to Section IX.B of this Agreement. Prior to opening the Business, Franchisee must have obtained or partnered with someone who has a valid commercial driving instructor license and have secured any other licenses or certifications and all necessary permits, bonds (if applicable) and registrations as required by your state (as described in Section XII.C); shall complete, to our satisfaction, all the build-out and preparations of the Business (including converting space into a driving course), in accordance with specifications set forth in the Operations Manual, and as required by local governmental agencies; the acquisition of all equipment, technology items (such as: computers or laptops, tablets, software, printer, modems and routers, flat screen television, camera surveillance system, a telephone and a sound system), vehicles (any type of new or used single axel manual tractor, single axel automatic tractor, passenger bus and forty-foot (40) long trailers as described in Section XII.H) and an inventory of products and supplies; completion of our self-study program and the franchisee initial training program and provision to us of all required local information, artwork and photos for the completion of the Franchisee's web page.

#### H. Operate Business in Strict Conformity to Requirements

Franchisee shall operate the Business, perform all Services and sell all products (if we authorize the sale of products in the future) in strict conformity with our standards, Curriculum, techniques, processes and operational procedures as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. Franchisee agrees to purchase all equipment (as defined in Section XII.I) and technology items (computers or laptops, tablets, software, printer, modems and routers, flat screen television, camera surveillance system, a telephone and a sound system) and to operate, service, repair, maintain and clean all such items according to our standards as outlined in the Operations Manual. Franchisee must keep all equipment and technology items in clean and good working order at all times and purchase only approved parts to repair its equipment and technology

items from our approved vendors and suppliers. All maintenance to the equipment and technology items that cannot be completed by Franchisee must be performed by our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use any piece of equipment that is more than ten (10) years old; and technology items that are more than ten (10) years old. Franchisee agrees to replace all equipment and technology items at its expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee has ninety (90) days after Franchisee receives written notice from us to either remove or replace such equipment and/or technology item(s). Failure of Franchisee to remove, replace and/or maintain its equipment and technology items as described above may result in termination as described in Section XXIII.C of this Agreement.

Franchisee is required to use, offer, sell and perform only approved Services, Curriculum and products in the manner and style we specify which may, from time to time, be amended or modified in writing, designated and approved by us. Prior to opening the Business for operation, Franchisee must adequately supply its Business with an assortment of equipment, products and supplies (as described in Section XIII of this Agreement); and use all such equipment, products and supplies in accordance with our specifications. All Services must be performed within the Franchisee's Accepted Location and within its Territory, however Franchisee can sell products (if we authorize the sale of products in the future) to anyone from anywhere so long as such products (if we authorize the sale of products in the future) sold are from the Business or at off-site events within its Territory, as described in Section VI of this Agreement. Franchisee will also be required to offer our proprietary Commercial Truck Driving Job Placement Guarantee Program (and any other type of program we may authorize in the future) and abide by the policies for such promotional programs as developed by us. The term "Commercial Truck Driving Job Placement Guarantee Program" is defined as our own guarantee that we will provide lifetime job placement services, under certain circumstances as determined by us, for any student that has successfully completed our program and has obtained a commercial truck driver's license. We will provide Franchisee with a written list of approved Services, programs, Curriculum and products (if we authorize the sale of products in the future) that Franchisee is required to offer, perform, use, and sell during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Service, program, Curriculum or product; nor shall any provision herein imply or establish an obligation on our part to reinstate any Service, program, Curriculum or product (if we authorize the sale of products in the future) discontinued by us or for any liability to Franchisee for any lost revenue incurred by Franchisee as a result of our decision to discontinue a particular Service, program, Curriculum or product (if applicable). Franchisee agrees that we have the right, in our sole discretion, to change, modify, add, or discontinue any Service, program, Curriculum or product (if applicable) at any time in our sole discretion. We may periodically meet with a representative group of franchisees and solicit their input prior to discontinuing any type of Service, program, Curriculum or product. We will provide Franchisee with ninety (90) days' notice to implement such Service, program, Curriculum or product changes. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense within ninety (90) days of receiving such notice. Additional services, programs and products (if we authorize the sale of products in the future) Franchisee desires to offer or curriculum Franchisee desires to use in its Business must be authorized in writing by us (as described below). Failure of Franchisee to adhere to our approved Services, programs, Curriculum or products (if we authorize the sale of products in the future) that Franchisee is authorized to offer, use and/or sell, according to our standards and specifications and/or to adhere to any additions, modifications or changes to such standards and specifications after receiving written notice from us (as described above) will be considered to be a breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee cannot implement, offer, perform, or sell any other type of service, program, curriculum or products (if we authorize franchisees to sell products in the future) unless approved by us in writing. We will respond to Franchisee's request to implement, offer, perform, sell or provide a new service, program, curriculum or product by email or any other form of written communication within thirty (30) days from

the date the request is received. We shall have the right to require, as a condition of our approval and review, that Franchisee submit to us all materials and supporting documentation describing the service, program, curriculum or product Franchisee wishes to use and/or implement with its students. The cost of such investigation for approval shall be paid by the Franchisee (if applicable) and we shall not be liable for denying Franchisee's request. Failure of Franchisees to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee must also comply with our required procedures for offering Services and programs, using our Curriculum and selling products (if we authorize the sale of products in the future) as we may periodically adopt. Additional equipment or products Franchisee desires to use or offer for sale in its Business must be authorized in writing by us (as described in Section XII.I). In addition, Franchisee is prohibited from offering Services or programs and/or selling products (if we authorize the sale of products in the future) over the Internet or on Websites; however, if we grant permission to Franchisee to offer Services or sell products (if we authorize the sale of products in the future) on any alternative channel of distribution (such as over the Internet and/or on Websites), all Services must be performed from the Accepted Location and all products (if we authorize the sale of products in the future) must be sold and shipped directly from the Business or sold at off-site events within Franchisee's Territory. Currently we authorize our franchisees to promote its Business on Yelp, Facebook, and Instagram. Except for Internet and Website sales as described above and off-site events within its Territory (as described in Section VI), Franchisee is not permitted to offer Services and/or sell products (if we authorize the sale of products in the future) from any other location, in any other media or alternative channels of distribution, whether known or hereinafter invented. Failure of Franchisee to refrain from promoting its Business and/or selling Services and products on any alternative channel of distribution (besides promoting its Business on Yelp, Facebook and Instagram as mentioned above) without our written approval (any type of sale is prohibited); refrain from promoting its Business on Yelp, Facebook and Instagram if we revoke our approval in the future; and/or if we grant permission to Franchisee to offer and/or sell Services and/or products (if we authorize the sale of products in the future) on any alternative channels of distribution and if Franchisee does not adhere to our standards as outlined in the Operations Manual for such sales, will be considered a breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee is encouraged to accept the referral of any new student from another franchisee, company-owned business or us who desires to receive Services and/or products (if we authorize the sale of products in the future) from Franchisee. If Franchisee chooses not to accept the referral, then we may provide Services and/or products (if applicable) directly or through another franchisee or third party without compensation to Franchisee. We encourage all Driving Academy™ businesses, when owned by different individuals, to work out a referral arrangement. Franchisee can provide Services and/or products (if we authorize the sale of products in the future) to anyone who comes from anywhere, as described in Section VI of this Agreement.

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures and rules in effect which may change from time to time relating to: performing Services, using our Curriculum, our programs (such as our proprietary Commercial Truck Driving Job Placement Guarantee Program), safety, maintenance, cleanliness and sanitation standards; usage of our proprietary software and third-party software, vehicle appearance standards, text messaging services, function and appearance of the Business and its equipment and signage. Nothing in this Agreement shall be construed to imply or establish an obligation on our part to incur any liability to Franchisee for any loss of revenue incurred by Franchisee as a result of our decision to change, modify or discontinue our specifications, standards, operating procedures. Franchisee agrees that we have the right, in our sole discretion, to change, modify, add, or discontinue any such specifications, standards and operating procedures. We will provide Franchisee with ninety (90) days' notice to implement such specifications, standards and operating procedure changes and Franchisee agrees to immediately comply with such changes at its own expense.

Failure of Franchisee to adhere to our specifications, standards, and operating procedure requirements, as described above, may result in termination as described in Section XXIII.C of this Agreement.

Franchisee will need a variety of vehicles to perform Services. Franchisee must either have or will need to purchase a used or new single axel automatic tractor, passenger bus and two (2) forty-foot (40) long trailers (referred to as “Vehicles”) to perform and execute Services. It is not expected that Franchisee will purchase new Vehicles and is encouraged to purchase used Vehicles so long as such Vehicles meets our appearance standards (which include vehicle graphics). Our Vehicle appearance standards will be given to Franchisee during the initial training program. We require that any Vehicle Franchisee operates must not be more than twenty (20) years old and must meet our appearance standards as outlined in the Operations Manual. Franchisee is responsible for the cost of the Vehicles and the installation of all vehicle graphics. Vehicle graphics must be purchased from us, our affiliates or approved vendors or suppliers. Franchisee must maintain its Vehicle as outlined in Section XII.U of this Agreement.

Franchisee must accept credit and debit cards and other payment systems and may be required to use check verification services as specified by us, and which we may change from time to time. Franchisee shall also offer for sale, and will honor for students, any incentive, coupon, rewards, loyalty programs, gift cards or gift certificates, which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of Franchisee’s state. These programs may include, without limitation, membership programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee’s full and complete participation in such programs is required. Except as otherwise provided herein, compliance and participation shall be at Franchisee’s expense.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction. If Franchisee does not provide students with satisfactory service and or fails to resolve complaints at the time complaint is registered or if Franchisee violates operating standards or this Agreement, we may, in addition to our other remedies, complete the services and bill the Franchisee or student for such services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service provided by a Driving Academy™ business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.

We may institute various programs designed to verify student satisfaction and/or Franchisee’s compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online or email surveys, comment cards, secret shoppers or otherwise. We will share results of such programs as they pertain to Franchisee’s Business, with Franchisee and Franchisee will reimburse us for all costs associated with any and all such programs if Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with Franchisees is through emails, text messages, announcements and/or memos we may periodically publish and distribute through our intranet system provided to Franchisees on our website. Franchisee is responsible for knowing all the information contained in the emails, text messages, announcements, memos, and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through such emails, text messages, announcements, memos, and intranet system. The intranet system houses our commercial truck driving job board which is owned by us and licensed to you. Franchisee will be provided with access to our commercial truck driving job board during the initial training program and there will be no ongoing usage fees. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of our commercial truck driving job board; nor shall any provision herein imply or establish an obligation on the part of us to reinstate our commercial truck driving job board if discontinued by us or for any liability



to Franchisee for any loss revenue incurred by Franchisee as a result of our decision to discontinue our commercial truck driving job board. Franchisee agrees that we have the right, in our sole discretion, to change, modify, add or discontinue our commercial truck driving job board at any time, in our sole discretion. We will have no obligation for the hosting of the intranet system (for example if hosting company goes down or shuts down the intranet system for maintenance or security reasons) or to maintain the intranet system indefinitely and may dismantle it at any time without notice and liability to Franchisee and the following will apply:

1. We have established policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; (vi) restrictions on copyright and other intellectual property infringement matters; and (vii) a privacy policy governing our access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, we can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.
2. Franchisee agrees to purchase and install all necessary additions to its computers and/or laptop and to establish and to continuously maintain an electronic connection with our intranet system to allow us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.
3. We may use part of the System Advertising Fund that we collect under this Agreement to develop, maintain and further develop the intranet system.

We may require Franchisee to join and participate in industry specific, local, or national associations. Such associations may include but are not limited to the Better Business Bureau and its local Chamber of Commerce. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for all membership fees and any related costs. We reserve the right to require Franchisee to join and participate in other professional organizations as we deem appropriate in our sole discretion. Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

In the marketing and operation of a Franchisee's Business, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, Franchisee may stay subject to the landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement; the lease is adjusted to accommodate this Agreement (ideally the lease is coterminous with this Agreement but not required); and Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If Franchisee has two or more Owners or it is an Entity, then Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.

All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual. Franchisee shall have the right to offer Services and sell products (if we authorize the sale of products in the future) at any rates or prices Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and/or prices for any given Service or product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum rates for any Service and price for any product (if applicable) system wide, temporarily (for a limited period of time), in specific geographic areas or in conjunction with any promotional and/or marketing program so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and products offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer any Service or sell any product (if we authorize the sale of products in the future) at any rate and/or price recommended by us, Franchisee acknowledges that we have made no guarantee, statement, or warranty that offering such Services and/or products (if applicable) at the recommended rate or price will enhance Franchisee's sales, revenues, margins or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically.

#### I. Use Approved Equipment, Products, Supplies, Vendors and Suppliers

Franchisee acknowledges that we have spent considerable time in developing what equipment, products, processes, methods, services and vendors are used in the operation of a Driving Academy™ Business. Accordingly, Franchisee acknowledges that Franchisee is to use only our approved equipment, products, supplies and services that include, but are not limited to: equipment (such as: driving simulators, microwave, mini refrigerator, tankless water cooler, etc.), furniture and fixtures, technology items (such as: computer or laptop, tablets, software, printer, modems and routers, flat screen television, camera surveillance system, a telephone and a sound system), products (such as: student material kits (handouts and workbooks, safety cones, vests, trash receptacles, head phones, logoed hats for students, etc.), supplies (such as: cleaning products, office supplies, etc.), third party software, vehicles, vehicle graphics, signage, printed advertising materials, merchant service providers, software support service providers, texting service providers, promotional merchandise, printed advertising materials, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us or our affiliates, the equipment and/or product's price and quality will be comparable to similar equipment and/or products from other sources. We may take a portion of that income to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy equipment, products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or we may place them in the advertising account Fund as described in Section X.B of this Agreement. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. Franchisee agrees that we may periodically and upon written notice, add to, modify, or change such approved equipment, products, supplies, vendors, and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time building out and outfitting the Driving Academy™ business with equipment, furnishings, fixtures and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section XII.T of this Agreement.
2. To ensure the consistent high quality and uniformity of Services and products provided by Driving Academy™ franchised businesses, Franchisee must purchase all equipment,

products, supplies and services (as described above) from us, our affiliates or approved vendors who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if we, our affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of equipment, products or supplies where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing equipment, products, supplies and services from unapproved vendors and/or suppliers who are not on our approved list without our written approval. All vendors and suppliers that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee purchases any equipment, products, supplies or services from any unapproved vendor or supplier without our permission, as described above, it may result in termination of this Agreement as specified in Section XXIII.C.

3. In approving any vendor or supplier we may consider factors such as: price, quality, composition, performance, accuracy of product claims, durability, safety, technical specifications, frequency of delivery, design, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, reputation of supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by us and may be disapproved by us anytime thereafter. If Franchisee desires to sell and/or offer products or offer a service that has not been approved by us or that is unique to Franchisee's area; purchase unapproved equipment, products or supplies from or use the services of unapproved vendors or suppliers then Franchisee must submit to us a written request for such approval. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that our representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and we shall not be liable for damage to or for the return of any sample and Franchisee may be responsible for the product, vendor and equipment testing fee as described in Section X.H of this Agreement. We may require Franchisee's vendors to sign our pre-approved Confidentiality and Nondisclosure Agreement and guarantee our level of quality. We reserve the right, at any time, to re-inspect the facilities and to retest any piece of equipment or Product of any approved vendor and to revoke any approval if the vendor fails to continue to meet our high standards.
4. Franchisee will not make any claims against us or our affiliates with respect to any vendor and/or related supplier (including our affiliates) for equipment, products, supplies or services (as described above) necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor/supplier/products). WE MAKE NO WARRANTIES REGARDING ANY VENDOR, EQUIPMENT, PRODUCTS OR SUPPLIES, AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT.

WE MAKE NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist franchisees in resolving any disputes with vendors approved and/or designated by us.

5. Franchisee may be required to use and/or offer for sell all branded merchandise or Proprietary Products developed by us, which will be listed in the Operations Manual (currently not in effect). The term “Proprietary Products” is defined as all equipment, products, supplies, marketing materials and Driving Academy™ branded products or equipment all of which must be purchased by the Franchisee directly either from us, our affiliates or approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Currently have not developed any Proprietary Products; however, if Proprietary Products are developed, we may become the only approved supplier for such items and failure to use and/or sell such Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
6. Franchisee acknowledges that we do not now but may require Franchisee to maintain in inventory a minimum representation of equipment, products or Proprietary Products in its Business (however we retain the right to do so in the future). “Minimum Representation” shall be defined as the continuous maintenance of an amount of equipment, products and/or Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with our Minimum Representation requirements and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements, however we do require that Franchisee purchase updates for all advertising, promotional and marketing materials when designated as mandatory by us and as specified in the Operations Manual). If we require Franchisee to carry a Minimum Representation of equipment, products and/or Proprietary Products in the future, we will provide Franchisee with written notice and Franchisee will have ninety (90) days to comply with such requirement. If a particular product or piece of equipment does not sell well in the Franchisee’s Business, Franchisee may request that that specific item be removed from the Business and the required Minimum Representation list (if applicable). We shall approve or deny Franchisee’s request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee’s written request. Such approval or disapproval shall be made by e-mail or any other form of written communication.
7. Franchisee shall not make any changes to any Proprietary Product or any third-party product or equipment including modifying any piece of equipment, changing containers, packaging, labeling, promotional materials, advertising, cartons or the like without our or the manufacturer’s prior written approval, which may be withheld in our sole discretion or manufacturer’s sole discretion. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
8. Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute any equipment, products and/or Proprietary Products inside or outside of Franchisee’s Territory without our written consent. We shall approve or deny Franchisee’s request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee’s written request. Failure to

adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

9. Franchisee shall not manufacture or produce any piece of equipment or any product that is similar to, or competes with any of our Proprietary Products or third-party equipment or product or in any channel of distribution selling similar equipment or products without the advanced written consent of us or manufacturer, which may be granted or denied in our or the manufacturer's sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.
10. Franchisee must inspect all equipment and products promptly upon receipt and may reject any piece of equipment or product that fails in any material respect to conform to manufacturer's description. Any product that has not been rejected within 5 (five) business days upon receipt shall be considered accepted. Rejected equipment or products must be returned to the manufacturer within three (3) days of the date on which manufacturer authorizes the return or as manufacturer specifies.
11. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Driving Academy™ businesses with some or all of the equipment, products, supplies or services (as defined above) that we require for use and/or sale in the development and/or operation of the Business. In this event, we may limit the number of approved vendors and/or suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all of the above items and/or refuse any of Franchisee's requests to approve vendors or suppliers if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove of the vendors or suppliers who may be permitted to sell such items to franchisees.
12. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all technology items (as described above) and software that meet our specifications, as we may modify them. Franchisee will be required to purchase such items from us, our affiliates, or approved vendors. We reserve the right to have independent and direct access to all information that Franchisee stores in any computer, laptop, tablet, social media, mobile app platform or software related to the Business. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all such items and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are the Franchisee's responsibility.
13. Franchisee will be required to use our proprietary customer relationship management software for the operation of the Business. If we develop other proprietary software and require Franchisee to use such proprietary software, we will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such proprietary software for the operation of the Business. For the customer relationship management software and if we develop other proprietary software, we will provide update and upgrade requirements as necessary. The installation, maintenance, repairs and upgrade costs for our customer relationship management software and other proprietary software (if developed) will be the responsibility of the Franchisee. Usage of our customer relationship management software and any other proprietary software, if developed, ("Software") will be subject to the following terms:

- a. Franchisee will use our Software on a computer, laptop or tablet that: (i) meet our hardware specifications; and (ii) is located at your Business or on a backup system if the original computer, laptop or tablet is inoperable. Franchisee will be licensed to use our Software only for Franchisee’s internal, in-house data processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances.
- b. Franchisee acknowledges and agrees that we (or any of our affiliates) are the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish, or invalidate our ownership rights in our Software;
- c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops, and we will have the right to use such ideas and suggestions. We shall own all copyrights and other intellectual property rights to all modifications and suggestions proposed by Franchisee. The term “all copyrights and other intellectual property rights” shall mean all means, methods, and processes, by all media whether now known or hereinafter invented, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee agrees to execute all documents that we deem is necessary to assign all copyright and other intellectual property rights to us. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;
- d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee’s files stored on Franchisee’s computers, laptops or tablets or any other type of system used in connection with the Business. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer, laptop or tablet shall become our confidential and proprietary information, and subject to all the terms and conditions of this Agreement regarding our Confidential Information.
- e. Franchisee and its Employees will not make available the Software, or portions thereof, to any person other than Franchisee’s or our employees without our prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, disassemble, create interactive works, or create derivative works based on the Software; or (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this Agreement as specified in Section XXIII.C of this Agreement;

- f. Franchisee acknowledges and agrees that the Software is our valuable, proprietary product, the design and development of which took the investment of considerable time, money, and effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential, and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We hereby claim and reserve all rights and benefits afforded under copyright law, patent law, trade secret law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect the Software against improper use, dissemination or disclosure;
- g. THE SOFTWARE IS PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. WE MAKE NO WARRANTIES THAT THE SOFTWARE IS FREE FROM BUGS, VIRUSES, TROJAN HORSES, OR WORMS. WE MAKE NO WARRANTY REGARDING ANY OPEN-SOURCE SOFTWARE CONTAINED IN THE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;
- h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;
- i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would not have an adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;
- j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and

- k. Franchisee must update all computers, laptops, and tablets upon our request to optimize performance of the Software.
14. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors, bugs, viruses, Trojan horses, worms, loss of data, or any other occurrences relating to any computer, laptop or tablet or system hardware, or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's suppliers, lenders, landlords, students and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.
15. We may set standards or specifications for leases and real estate, at our discretion. We have set standards and specifications for the construction and build-out of the Business (including the driving course Franchisee is required to setup); and equipment, furniture, fixtures, décor items and signage used, including our subjective determinations relating to quality, value, and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of any particular piece of equipment, product or supply, nor shall any provision herein imply or establish an obligation on our part and our affiliates to sell equipment, products or supplies to Franchisee if Franchisee is in arrears on any payment to us, our affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay for each shipment of items purchased, we or our affiliates shall not be obligated to sell such items to Franchisee.

#### J. Use Approved Design and Signage for Business

In operating a Driving Academy™ Business, Franchisee must adhere to our signage standards, and utilize signage designs (including vehicle graphics on its Vehicle) in accordance with the standards and specifications recommended by us, or that will continue to be recommended by us. Franchisee may use an approved supplier for signage or submit an alternate supplier to us for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Franchisee shall be totally responsible for obtaining and equipping the Business and all Vehicles with the signage (including vehicle graphics) that is approved for use by us from time to time. The color, size, design, and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Business without our prior written consent.

#### K. Participation in the Operation of the Business

Franchisee acknowledges that a Driving Academy™ business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. Franchisee acknowledges that we have not represented that this business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Business. Franchisee may assign the overall supervision of the Business to an Owner or Manager approved by us. Franchisee agrees that the Manager will supervise all Employees. The Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.



#### L. Advertising the Business

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and our requirements as set forth in our Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: Any telephone, email, Internet, domain name, electronic network, directory, and listings of the Business per our written approval. All items mentioned are our property and upon expiration or termination of this Agreement will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising, promotional programs and plans and materials that Franchisee desires to use thirty (30) days before the start of any use of such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, through the mail with return receipt if requested or any method we prescribe). Franchisee shall not use such plans or materials until they have been approved by us and shall promptly discontinue use of any advertising or promotional plans and material upon our request. We shall approve or deny Franchisee's request by email or any other form of written communication, which approval is in our sole discretion within thirty (30) days of receipt of Franchisee's request. Any plans or materials submitted by Franchisee to us, which have not been approved or disapproved in writing, within such thirty (30) day period shall automatically be deemed not approved.

Franchisee will not independently advertise or promote in any media (including on any Website as defined in Section VI) without our prior written approval, except when using materials previously approved by us. We, our affiliates and/or approved vendors will perform all web page content revision and Franchisee is responsible for any costs related to such revisions. Any requests for changes, edits or updates to Franchisee's web page or any type of website promotion over the Internet must be approved by us in writing. We shall approve or deny Franchisee's request by e-mail or any other form of written communication, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Franchisee will participate in at its own expense and cooperate with all advertising and promotional programs that we or any advertising group of franchisees selects, including any franchise marketing council that we may implement. Franchisee may be required to follow or maintain sales pricing for Services and products. We will set minimum and maximum rates and/or prices and suggest rates and pricing to the extent allowed by law.

Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and products offered (if we authorize Franchisee to sell products in the future) by the Business pursuant to the System and Operations Manual, to affect the widest and best possible distribution of Services and products (if applicable) from the Business and to devote its best efforts to growing the Business.

#### M. Maintain Regular Business Hours

Franchisee's Business must be open for operation at a minimum seven (7) days a week from 8am-9pm Monday through Friday, from 9am to 3pm on Saturdays and from 9am to 1pm on Sundays, except for holidays (as specified in the Operations Manual). The only exception to the above is if Franchisee is given written permission by us to operate at a lesser period; or if the hours of operation for the Business are required by the lease of the premises on which the Business is operated. It is required that Franchisee maintains a telephone answering system to take messages and monitor an e-mail address for the Business.

#### N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail in the operation of the Business is important to the Franchisee, us and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Services and products (if we authorize Franchisee to sell products) offered by the Business under the System, and to protect our trademarks, service marks, reputation and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the System's standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation changes to our approved Services, programs (such as our proprietary Commercial Truck Driving Job Placement Guarantee Program), Curriculum and products (if we authorize the sale of products in the future), Franchisee is authorized to offer, perform and sell; equipment, products, methods, strategies and techniques as used in the operation of the Business; our Confidential Information, the adoption and use of new or modified trademarks, Vehicle appearance standards, signage, Software and third-party software, our intranet system, sales, advertising, promotion and marketing materials. Franchisee promises to promptly accept, implement, use, and display in the operation of the Business, all such additions, modifications, and changes at Franchisee's expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive, excessive, or illegal collection techniques or other activity; offer any service or sell any product (if we authorize Franchisee to sell products) which we determine to be harmful to our goodwill or to reflect unfavorably on us or our reputation, the Franchised Business, our trademarks, or the Services and products sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's students or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose, and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business.

We will not require Franchisee to make any changes, modifications and/or variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); further we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with additions, modifications, or changes to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement.

O. Telephone Number of Business and Web Page

Franchisee understands and agrees that the telephone number(s), the URL address, web page, Websites for the Business (in addition to any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Websites for the Business without prior notice and our written approval. Franchisee shall advertise and publicize the telephone number(s) and permitted by us, the URL address, web page and Website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, web page, Websites, Internet or similar connections, directory and listings used in the Franchised Business are our property and upon termination will revert to us.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to us all products, equipment, services, curriculum, discoveries, concepts, methods, techniques, recipes, formulas, processes, programs, video presentations, photographs, promotions, operational procedures, inventions or ideas, whether patentable or not, relating to our business, which are conceived or made by Franchisee or any Owner, agent, employee or independent contractor of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, equipment, services, curriculum, discoveries, concepts, methods, techniques, recipes, formulas, processes, programs, video presentations, photographs,

promotions, operational procedures, inventions or ideas are our exclusive property, and that we shall have no obligation to compensate the Franchisee for any such item, discovery or idea. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its officers, directors, managers, members, partners or shareholders for any such new product, equipment, service, curriculum, discovery, concept, method, technique, recipe, formula, process, program, video presentation, photograph or improvement that we implement throughout the System. Franchisee, its officers, directors, managers, members, partners or shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to us. Franchisee, its officers, directors, agents, and employees agree to execute any and all documents deemed reasonably necessary by us to carry out such assignment. The term “all copyright and intellectual property rights” shall mean all means, methods, and processes, whether now known or hereinafter invented, by all media whether now known or hereinafter invented, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that any such items and/or ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. Franchisee agrees to execute all documents that we deem reasonably necessary to carry out such transfer of intellectual property rights to us.

Q. Permit Franchisor to Enter Business

Franchisee shall permit us and our agents or representatives to enter the Business during normal business hours for the purpose of conducting inspections without notice to Franchisee and inspect the operations of the Business, review business operations (which includes photographing and taking video or digital recordings of the operations of the Business for observation purposes) and to remove samples of equipment or products, without payment, for us review to determine if such samples meet our then-current standards and specifications. We have the right to require that Franchisee’s Manager and lead certified commercial driving instructor be at the Business for any inspection we, our affiliates or third parties conduct. In addition, we may use secret shoppers to inspect and ensure that unauthorized curriculum, services, products or supplies (as described in Section XII.I) are not being used, offered or sold. Franchisee shall cooperate fully with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, we shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, limited liability limited partnership, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;
2. Franchisee’s Certificate, Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee’s Certificate of Formation, Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other

governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to us upon request;
4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH DRIVING ACADEMY FRANCHISING, INC. AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. Any individual or Entity, who owns ten percent (10%) or more ownership in the Franchise Business, shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section XII.R shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");
6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish us with a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement, bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time; If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If such change to a franchisee or to an entity is proposed (or has occurred), we shall have the right to do any of the following: (i) require the new entity to sign the Franchise Agreement and all Owners

sign guarantees, (ii) require the representatives of the entity to sign the Franchise Agreement and provide that it and the Owners are all franchisees, or (iii) take no action.

7. Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any limited liability company, partnership or corporation which has a ten percent (10%) or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and
8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our written consent in which consent shall be approved or denied within thirty (30) days of Franchisee's request.

#### S. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site (including its driving course) for the Business to be established under the Franchise Agreement and for the build out and equipping the business at such premises. A typical Driving Academy™ business has approximately one thousand five hundred to two thousand five hundred (1,500-2,500) square feet of space (for Franchisee's sales office and classroom setup) in addition to access to at least an acre of empty lot space (for the driving course). The space for a Driving Academy™ Business sales office and classroom setup must be enclosed and separate from other businesses with its own locking door. If Franchisee does not secure a space with an adjacent empty lot, then Franchisee will need to place a small five hundred (500) sq foot construction/office trailer on a remote lot for a small office space that houses limited equipment, furniture and fixtures. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. Franchisee may not sign a lease (or a contract to purchase the premises, if applicable) for the Business until Franchisee has obtained our written approval. Franchisee must not invest any monies for a site which Franchisee wishes to open a Business until Franchisee has obtained our written approval for the site which will be made by email or any other form of written communication. On the execution of any lease for the Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Business must be approved by us.

**FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A DRIVING ACADEMY™ FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

Franchisee acknowledges that we have spent a considerable amount of time building out and outfitting of a Driving Academy™ Business. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Business (including the driving course) constitute and/or contain Confidential Information and/or trade secrets of ours. Franchisee agrees that the Business shall be maintained and operated as follows:

1. Franchisee will maintain the Business and every component of the equipment, furnishings, fixtures, technology items and signage in good order and repair at all times as specified in the Operations Manual and may be required to upgrade such items as technology advances or in our sole discretion because of new functionality, so as to always use and be in compliance with our then-current specifications;

2. Franchisee will keep the Business fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Business at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage and logos in the Business and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Business, or any equipment, furnishings, fixtures, technology items and signage contained within the Business (including on its driving course) as specified in the Operations Manual;
5. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Business. Franchisee shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Business; and
6. Franchisee may be required to use only approved service centers for repairs and maintenance of equipment, furnishings, fixtures, technology items and signage for the Business.

Franchisee shall not execute a lease or sublease for the Business or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition, or withhold in our Business Judgment. Franchisee will deliver to us a copy of any lease or sublease for our review at least ten (10) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the lease. Franchisee shall ensure that the lease or sublease for the Business contains, in an addendum or otherwise, the following provisions which:

- 1) Permit Franchisee to operate the Business in accordance this Agreement and the Manuals;
- 2) Provide that the site will be used only for the operation of a Driving Academy™ business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;
- 3) Require the lessor to concurrently provide us with a copy of any written notices of default to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;
- 4) Provide us with a right to take assignment and possession of the Driving Academy™ Business, without the landlord's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we will sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we will not assume any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when Franchisee signs this Agreement or prior to signing a lease if Franchisee has not secured a space, also sign the Collateral Assignment of Lease attached as Schedule 6. If Franchisee loses lease rights to the site in connection with any bankruptcy, the landlord will, on our

request, enter into a new lease with us on essentially the same terms as the terminated lease;

- 5) Provide that the landlord consents to the use of the Marks, signage, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks, signage and trade dress and/or prevent/cure any default; and
- 6) Not contain any clause providing that if the Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

#### T. Development and Construction of the Business

Franchisee may be required to select and employ licensed contractors for the complete build out and/or any leasehold improvements, unless otherwise approved by us. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of working drawings necessary to complete construction and/or build out at the Approved Location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Business which includes specifications for Business layout (including the driving course) and all equipment, furnishings, fixtures, technology items, décor and signage. We may if needed, review Franchisee's final set of drawings and plans prior to implementation. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved suppliers involved in the construction or fixturing of the Business and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We expect that a Driving Academy™ Business location would need minimal construction improvements (specifically for the sales office and classroom space). Costs may vary widely depending on such factors as property location, size of the property, the condition of the property, if the property has an adjacent empty lot that Franchisee can convert into a driving course or if Franchisee needs to lease an empty lot at a remote location and the extent of alterations required for the property (we do not expect that Franchisee will have any leasehold improvements for its empty lot space). Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state, and local laws, codes, and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design, and operation of the Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice within five (5) days after receipt thereof.

Except as provided in Section IX.B of this Agreement, Franchisee shall construct, furnish and open the Business according to the requirements contained herein, and Franchisee shall open the Business for operation no later than one hundred eighty (180) days from the Effective Date. Time is of the essence. Prior to opening for business, Franchisee shall provide us with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to the grand opening advertising program), the Operations Manual and/or elsewhere in writing by us.

Franchisee shall not open the Business until we have determined that all construction and setup has been substantially completed, and that such construction and setup conforms to our standards including, but not limited to: materials, quality of work, equipment, furnishings, fixtures and signage and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business does not constitute a waiver of our right to require Franchisee to conform its Business to our standards.

#### U. Maintain Appearance of Vehicles

Franchisee acknowledges and agrees that certain aspects of the design, layout, appearance and other characteristics of the Vehicles (any type of used or new single axel automatic tractor, passenger bus and two (2) forty-foot (40) long trailers) as described in Section XII.H of this Agreement (and as specified in the Operations Manual) to be used in the operation of a Driving Academy™ business may constitute and/or contain our proprietary information or property. Franchisee agrees that its Vehicle shall be maintained and operated as follows:

1. Franchisee will maintain its Vehicles and every component of the equipment in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep its Vehicles fully registered and roadworthy in accordance with applicable laws;
3. Franchisee will keep its Vehicles fully insured as specified in the Operations Manual;
4. Franchisee will keep its Vehicles at all times in a clean and tidy condition and free of any advertising or promotional material other than that required by law or the Operations Manual and will exhibit only approved graphics, signage, design, colors and logos on the Vehicle; and to upgrade or review the same as is specified in the Operations Manual;
5. Franchisee will not alter or in any way amend the appearance of its Vehicles unless as specified in the Operations Manual or approved by us;
6. Franchisee will maintain and upgrade its Vehicles as specified from time-to-time in the Operations Manual so as to always use our then-current vehicle specifications for a Driving Academy™ Business;
7. We strongly recommend that Franchisee uses an approved service center for repairs and maintenance of its Vehicles; and
8. Franchisee will drive, park and store its Vehicles in a safe and legal manner and location at all times.

#### V. Training

Prior to Franchisee's opening of the Business to the public, Franchisee, its Owners, Manager or lead certified commercial driving instructor shall complete to our satisfaction our self-study program and the



fourteen (14) day training program required by this Agreement no earlier than sixty (60) days prior to the date Franchisee either starts (i) enrolling students; (ii) collecting any type of fees for packages or programs; or (iii) anticipates opening the Business for operation (whichever comes first). We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee, its Owners, Manager and lead certified commercial driving instructor from time to time. We may, at any time, discontinue management training and decline to certify Franchisee, any Owner, Manager or lead certified commercial driving instructor who fails to demonstrate an understanding of the management training acceptable to us. If Franchisee any Owner, Manager or lead certified commercial driving instructor's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable person for management training to us. If Franchisee's new person does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required training programs; and Franchisee, its Owner, Manager or lead certified commercial driving instructor who attend the training shall be responsible for all other expenses incurred in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

#### W. Ongoing Training and Support

Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail during regular business hours (Eastern Time zone). We will continue to consult with and advise Franchisee free of charge, to answer any questions from Franchisee, any Owner, Manager and lead certified commercial driving instructor (Section XX.A of this Agreement); provide the Manual, specifications, supplier, equipment, product, marketing and operational updates as they become available; review advertising, equipment, product and/or supplier approval requests; and administer the System Advertising Fund.

### **XIII. OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE**

#### A. Overall Coverage Required

Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain general liability and professional liability insurance (which covers Franchisee for damages that do not result in property or bodily damages) with a minimum policy limit of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000) or an amount specified by us. Franchisee must also procure and maintain property and casualty insurance that covers the assets of the Business, "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the premises and all other property); business interruption insurance to fully insure loss of earnings for a period of one-hundred eighty (180) days or longer as we may specify; and commercial automobile liability insurance that includes hired and non-owned coverage with a minimum policy limit of one million dollars (\$1,000,000) including uninsured motorist/minimum of one hundred thousand dollars (\$100,000) or what is in accordance with Franchisee's state guidelines. Franchisee must also procure and maintain statutory workers' compensation insurance with limits of greater than one hundred thousand dollars (\$100,000) or the minimum limits required by law. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us.

For any construction, renovation, refurbishment or remodeling of the site, Franchisee may be required by us to require that its general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than

one million dollars (\$1,000,000) per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with Workers' Compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

To the extent available, we may also require Franchisee to obtain: product liability insurance (covers Franchisee for damages that result in injury from products that Franchisee distributes), employer's liability insurance, employment practices liability insurance, cyber liability insurance, employee dishonesty insurance, crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each state, with policy limits of one million dollars (\$1,000,000) or in the amount we specify.

All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for our benefit. We may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance and a complete copy of all insurance policies within ten (10) days of issuance and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and shall, in our sole discretion, be deemed an immediate material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums, or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage, and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish us with certified copies of each of the insurance policies described above on either the earlier of the opening of the Business for operation (defined as once Franchisee either starts providing or performing Services, enrolling students, collecting any type of fees for packages or programs when Franchisee's facility is open for operation, whichever comes first) or one hundred eighty (180) days following the date this Agreement is executed.

#### **XIV. OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS**

##### **A. Record keeping, Accounting and Records**

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchisee and who will attend to the bookkeeping for the Business not less than once a week for that purpose.

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of seven (7) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by us in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide us all hard copy and digital copies as we prescribe on or before the fifth (5<sup>th</sup>) day of each month or daily if we require. Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer, laptop, tablet, social media platform, mobile app platform or software), including an itemized report of Franchisee's Gross Revenue for the prior period on a form we prescribe, which will include payment for that periods' or months' fees due, and may include, to the extent that we require:

1. Franchisee's profit and loss statements, payroll records, certification, or records of Gross Revenue (as defined in Section X.A), vendor summary reports, department summary reports and report of accounts receivables for the month, week, day or period reported;
2. Copies of any invoices and student contracts with updated location information in any format we specify;
3. Copies of all invoices for purchases of equipment, products and supplies (as defined in Section XII.I);
4. Copies of Franchisee's most recent sales tax report and/or sales tax return;
5. Copies of all inspections for the Business from governmental agencies;
6. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);
7. Copies of all bank deposits, and bank deposit records made by the Franchisee; and

8. A complete list of all students and contact information (including but not limited to all: email addresses, physical addresses and telephone numbers) who have filed a complaint (internally, with governmental or with third parties such as the Better Business Bureau); or sought any type of refund during the preceding month by the fifth (5<sup>th</sup>) day of each month, bi-monthly or as we require.

Franchisee acknowledges and agrees that we, at all times during the term of this Agreement and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Business. We may use, transfer, copy or analyze such Business Records as we determine in our sole discretion to be in the best interest of the System. For purposes of this Agreement, “Business Records” means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, student contracts, purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of the Business, including but not limited to records of students, employees, vendors and other professionals related to the Business.

Franchisee will be required by us to obtain specific technology items, use our Software and third-party software in the operation of its Business, including, without limitation, a license to use our Software, or third party software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining the technology items and software and Franchisee agrees to pay any software license or maintenance fee (if required). Franchisee agrees to pay all costs in connection with maintaining, upgrading, updating, etc. all hardware and software and any additional licenses for any software as necessary to operate its Business (upgrades, maintenance and support for our Software will be provided by us as described in Section XX.I). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of Software that we license to Franchisee and other products and services that we may furnish to Franchisee related to its technology items and other systems.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

#### B. Franchisor’s Right to Audit

We or our agents may enter the Franchisee’s location to examine or audit Franchisee’s business at any time without notice. We may examine, inspect or audit Franchisee’s database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, purchase agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. We will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit costs plus, in addition to the amount owed to us, interest at the lesser of interest at eighteen percent (18%) per annum (1.5% per month) for all understated Gross Revenues or the maximum rate allowed by the laws of the state in which Franchisee’s business is located as specified in the Operations Manual. Franchisee will immediately pay us all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee’s expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of two percent (2%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of

this Agreement, as set forth in Section XXIII.C. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, re-nominated or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash, check, or electronic transfer.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's year-end annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such statements will be prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders, our purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we have acquired Franchisee's Business and intend to sell it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, landlord, and creditors concerning the Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

**XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS**

A. Names and Marks are Owned by Franchisor

We warrant with respect to the proprietary Names and Marks that:

1. Pursuant to a License Agreement between us and Driving Academy, Inc., we have been granted the exclusive right to use the Names and Marks to establish Driving Academy™ franchises in the United States.
2. We are taking and will take such steps as we deem reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement.

In the event we determine in our sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Names and Marks.

**B. Franchisee is Licensed to Use Names and Marks**

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall: (i) use only the Names and Marks as are approved in writing by us for Franchisee's use, (ii) use them only in the manner authorized and permitted by us, and (iii) acknowledge that in any use whatsoever of our Names and Marks are as identified as being registered to or owned by Driving Academy, Inc. with exclusive rights given to us;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee web page and Accepted Location;
3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchise" of Driving Academy Franchising, Inc. and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that we own the Marks and Franchisee uses them under a license;
4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Business under the Name and Mark "Driving Academy<sup>TM</sup>";
5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and a material breach of this Agreement;
6. Franchisee must obtain our approval for any use of any item of printed or digital material of any kind bearing any of the Names or Marks, unless we supplied the item. We shall approve or deny Franchisee's request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify.
7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on our behalf;

8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;
9. Except as otherwise permitted in this Agreement, Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URL's, Websites, links, metatags, locators and search techniques;
10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability; and
11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, be reasonably necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee's right to use the Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Marks or to change the Marks at Franchisee's expense. We will control any and all such litigation, arbitration, and mediation involving our Marks. The Franchisee has no authority to institute any litigation, file an arbitration, or institute any request for mediation regarding our trademarks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Marks or Franchisee's right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.
12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and
13. Franchisee further agrees to follow all of our quality standards that are inherent in the Names and Marks. Such quality standards are contained in the Operations Manual, as well as various memos or policy statements issued by us, and may be changed from time to time at our sole discretion.

C. Franchisee Will Not Challenge Franchisor's Rights in Its Use of Names and Marks

Franchisee agrees and acknowledges that:

1. As between the Parties hereto, Driving Academy, Inc. is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;
2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;
3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;
5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;
6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;
7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights; and we are aware of at least one other business claiming a superior right to names and marks similar to the "Driving Academy<sup>TM</sup>" Mark. We will aggressively oppose this challenge to our Marks;
8. Franchisee hereby agrees not to register, attempt to register the Names and Marks in Franchisee's name or that of any other firm, person or corporation;
9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and thus we have and retain the rights, among others:
  - a. To use the Names and Marks in connection with offering and selling Services and products (including equipment if we choose to sell products and/or equipment in the future);
  - b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to or other use of our website or any other Website specific to our Services and products;
  - c. To grant other franchises or licenses using the Names and Marks, in addition to those already granted to existing franchisees; and
  - d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
10. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and equipment (if we choose to sell products and/or equipment in the future) and/or Software bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any



circumstances engage in any wholesale trade or sale of System equipment, products and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System equipment, product and/or Software or non-System products, equipment or software without our written consent.

#### D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the intellectual property which includes the following: the Names and Marks (some by license from Driving Academy, Inc.), all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, all employees and student and account lists which include all student and account phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's students, accounts and Employees including information we may request related to such students and Employees. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an Entity, title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us, or developed by the Franchisee pursuant to this Agreement, and regarding all such materials, this Agreement shall constitute a "work for hire". In the event that an arbitral panel or court of competent jurisdiction decides that this Agreement is not a work for hire with respect to such materials, the Franchisee agrees to assign all copyright rights to all such works to us. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

### **XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION**

#### A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain our knowledge of proprietary matters, methods, techniques and business procedures that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System and our: Services, Curriculum, products (if we authorize the sale of products in the future) and specifications for equipment, products and supplies used; build out specifications, proprietary Commercial Truck Driving Job Placement Guarantee Program, Vehicle appearance standards, photographs, video presentations, Software, advertising, marketing, social media and promotional materials and strategies; operational procedures of the Business and the Operations Manual. Franchisee further acknowledges that all Confidential Information was not known to Franchisee prior to execution of this Agreement and that our methods are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Persons, corporations, or other entities, which are, have been or become franchisees of the System and any investors therein;
2. Any person or entity which is, has been or becomes a student of the Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures of the System, including without limitation: how to perform Services and use our Curriculum; strategies for recruiting students; equipment and Vehicle operation and safety procedures; how to use our intranet system and commercial truck

driving job board; how to use our Software and third-party software; website and social media; how to implement purchasing, cost and pricing strategies; implementing our Commercial Truck Driving Job Placement Guarantee Program; strategies for hiring, training and managing Employees in addition to effective advertising, promotional and marketing methods;

5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, training, profitability, earnings and losses and capital and debt structures;
6. The Services and products offered to students of a Driving Academy™ Business, including, without limitation, the scope of services performed and services refused; as well as all future service and product development plans, marketing strategies; and
7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.6 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee (including anyone related to Franchisee) agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, techniques, formulas, or the like.

#### B. Franchisee's Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's Employees, agents and representatives, as they must have access to it in order to operate a Driving Academy™ Business. Franchisee is encouraged to follow all our security procedures, which include the execution and delivery to us of approved nondisclosure or non-competition agreements from its Manager and lead certified commercial driving instructor (its Employees and independent contractors, agents or representatives are also encouraged) within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation or other Entity, any of our Confidential Information.

The Operations Manual (and all other materials) are, and remain our exclusive property. We will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us at the termination or expiration of this Agreement for any reason, or at any other time at our request. The Manuals contain mandatory and suggested specifications, standards and operating procedures that we prescribe for franchised businesses and contain information about Franchisee's other obligations under this Agreement. We may change or add to the Operations Manual to reflect changes in our image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee shall not copy any part of the Operations Manual (except for designated training sections), either physically or electronically. If Franchisee's copy of the Operations Manual is lost, destroyed or significantly damaged, Franchisee must replace the Operations Manual at its own expense as set forth in Section XX.G.

#### C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) may have the ability to compete unfairly with Franchisee and/or other members of the Driving Academy™ System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by us or which bear any of our Names and Marks; any other materials or publications of ours, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other student lists or mailing lists pertaining in any way to the System; or any other information about the System, Business or confidential information which is not available to the public.
2. Franchisee will not refer prospective students to any former franchisee.
3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.
4. If Franchisee observes any former franchisee using any of the Names and Marks in any way, or utilizing a business location (including any Vehicles) for which the Names and Marks and/or distinctive color scheme have not been completely removed, Franchisee shall immediately report such observations to us along with all details available to Franchisee.
5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a Driving Academy™ franchisee.
6. The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise or license agreement. Franchisee shall be deemed to be on such notice when:
  - i. Franchisee receives a new franchisee directory in which such franchise does not appear; or
  - ii. Franchisee receives written notice from us that one or more particular franchise agreements have expired or been terminated.

**D. Injunctive Relief is Available to Franchisor**

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have.

**E. Franchisor's Patent Rights and Copyrights**

We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for several aspects of the System such as our Services, Curriculum, Operations Manual and all related materials (including all workbooks and related materials), Software, intranet, website and all training, promotional and marketing materials (including all photographs and videos), sales, advertising and operations materials. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works.

Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. We are the owner of all Confidential Information, trade secrets, copyrights, and patent rights;
2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;
3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;
4. Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;
5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;
6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. We cannot and do not make any guarantee that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights and patents;
7. Franchisee hereby agrees not to register, attempt to register any Confidential Information, trade secrets, copyrights or patents in Franchisee's name or that of any other firm, person or corporation; and
8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and we have and retain the rights, among others:
  - a. To use the trade secrets, Confidential Information, patents, and copyrights in connection with offering Services and products;
  - b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements;
  - c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and

- d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through us or our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and equipment (if we choose to sell products and/or equipment in the future) bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, any other products and/or equipment included as part of the System.

## **XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS**

### **A. Franchisee Must Notify Franchisor of Lawsuits**

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee (including if Franchisee or any of its Owners and lead certified commercial driving instructor are charged with or found guilty of a felony as defined in its home state), and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, students, or other persons. The Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

### **B. Franchisee Must Pay Taxes Promptly**

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

### **C. Franchisee May Contest Tax Assessments**

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the site of the Business, or any improvements thereon.

## **XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION**

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the name of any of our officers, owners, members, managers, agents, directors, shareholders or employees. Franchisee further understands and agrees that we, and our officers, owners, members, managers, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms “claim, loss or obligation” will include compensatory, special, exemplary or punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold us and our officers, owners, members, agents, directors, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of any equipment and/or Vehicles, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee’s ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor or employee of Franchisee including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee’s operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. This provision includes any liability arising from labor or employment law violations as well as any liability related to joint employer claims and harassment claims. This provision includes all claims as indicated above, of us, directly against Franchisee (without a third-party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel and defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee’s interest in such suits, proceedings, claims, etc., all at Franchisee’s expense. Franchisee’s indemnification obligations survive termination of this Agreement.

## **XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE**

### **A. Covenants are Independent**

The Parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, Franchisee expressly agrees 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 resultant covenant were separately stated in and made a part of this Agreement.

### **B. Franchisee’s Principals**

The term “Franchisee’s Principals” shall include, collectively and individually, Franchisee’s spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders, officers, directors and other operational personnel whom we designate as Franchisee’s Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee’s Principals shall be listed on Schedule 7 of this Agreement.

### **C. Franchisee Will Not Compete Against Franchisor**

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training, our Confidential Information and our System.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section XIX.C, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any type of truck driving instruction, truck driving testing or certification-related business or any business using any aspect of the System, using the overall Driving Academy™ Business concept, with similar Services and/or products (if we authorize the sale of products in the future) within a thirty (30) mile radius of the Accepted Location designated hereunder, or within a thirty (30) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement. For purposes of clarification, Franchisee may not, during the term of this Agreement, operate a competing business any place.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in any other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. In such case, we may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). On termination or expiration, Franchisee will deliver to us a list of these Assets (as described in Section XXIV.G). All of Franchisee's post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

#### D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly-Held Corporation. As used in this Agreement the term "Publicly-Held Corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Federal Securities Exchange Act of 1934.

#### E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business to any competitor by direct inducement or otherwise, or any students of its Business or any other franchisees including company-owned businesses, with which or with whom Franchisee has had business contact during the term of this Agreement; or
2. Do or perform any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both.

#### F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which we are entitled, in order to protect our Names, Marks, Services, products (if we authorize the sale of products in the future), Confidential

Information, proprietary materials and rights, and goodwill, we may seek a permanent injunction and the preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain the injunctive relief and enter it in any court or arbitration forum that we deem appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of us to avoid irreparable harm and to protect, our Names and Marks, Services, products (if we authorize the sale of products in the future), Confidential Information, methods of operation, copyrighted materials, patents, trade secrets, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.

#### G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX.

#### H. No Right of Set-Off

Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed to us by Franchisee against any loss or damage to us resulting in Franchisee's breach of this Section XIX.

#### I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by New Jersey and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting you.

### **XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES**

We shall provide the Franchisee with the following assistance and services:

#### A. The Training Program

We will provide access to a self-study program (and related materials) that must be completed prior to attending our initial training program at our headquarters or another location of our choice. The initial training will take place after Franchisee pays the Initial Franchisee Fee, but before Franchisee either starts (i) enrolling students; (ii) collecting any type of fees for packages or programs; or (iii) when Franchisee's facility is open for operation (whichever comes first after determining Franchisee has secured all the necessary licenses, certifications and permits as required by its state). We will provide an initial training program fourteen (14) day training program at corporate headquarters or any location we specify without charge for Franchisee and up to three (3) additional individuals (total of four (4) people), being the Franchisee, Owner, Manager and lead certified commercial driving instructor or any combination thereof as designated by Franchisee no earlier than (60) days prior to when the Franchisee anticipates either starting to perform Services; enroll students, collect any type of fees for packages or programs or anticipates opening the Accepted Location. Franchisee will, however, be responsible for travel, accommodation, food, and other costs for all its attendees and Franchisee must attend and satisfactorily complete such training within the timeframe mentioned above. If Franchisee, its Owner, Manager and/or lead certified commercial driving instructor fails to timely complete the initial training program to our satisfaction, Franchisee has the right to appoint another Manager to be trained by us at Franchisee's expense and if the other Manager



does not satisfactorily complete the training to our satisfaction, then we may terminate this Agreement as described in Section XXIII.C. Any Owner, Manager and lead certified commercial driving instructor designated by Franchisee replacing a previously trained Owner, Manager or lead certified commercial driving instructor must be trained by Franchisee at its cost within thirty (30) days of first employment at its expense. For a second or subsequent Business Franchisee purchases, we are not obligated to provide additional training to Franchisee at no cost.

We may reasonably require Franchisee, its Owners, Manager and/or lead certified commercial driving instructor to receive or attend and complete to our satisfaction additional or advanced training from time to time. Franchisee may be required to pay a fee for such training of up to two hundred fifty dollars (\$250) per person per day. Franchisee must also pay for travel, food, and accommodations and all other related expenses. We will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, we may provide additional training to Franchisee for Franchisee's Owners, Manager and/or lead certified commercial driving instructor at Franchisee's request. Franchisee may be required to pay us any additional costs over and above the additional training fees such as travel that we reasonably incur should training be held at Franchisee's Business. If additional training is held at our corporate headquarters, Franchisee will be responsible for travel, food and accommodations and other expenses of all its trainees.

We offer training resources, such as an Operations Manual, to assist franchisees at their business location. Franchisee acknowledges that its compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our representation and the guidance of the Names and Marks and to maintain the uniform quality of operation throughout the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Names and Mark, the Operations Manual is not designed to control the day-to-day operation of the Business. Franchisee shall give us not less than two (2) weeks' notice of the dates and times when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and us.

- (i) We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference and information available through the franchise website for the benefit of the Franchisee, its Owners, Manager and/or lead certified commercial driving instructor. We may charge a reasonable fee for additional training if deemed appropriate (distinct from continuing education) but not to exceed a pro-rated amount of the advanced/additional training fee. All traveling, food, accommodations and other expenses incurred by the Franchisee or Franchisee's representatives attending our training shall be paid by Franchisee.
- (ii) We may conduct an annual conference at such place as shall be designated by us for all franchisees but initially will most likely be at our headquarters. A registration fee for each participant may be required not to exceed one thousand dollars (\$1,000) per person and your expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, food, accommodations and other expenses. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.
- (iii) We may provide continuing education sessions ("Continuing Education") at locations designated by us but most likely at our headquarters. Continuing Education sessions may have a registration charge of two hundred fifty dollars (\$250) per day per person. Franchisee is also responsible for costs associated with attending the meetings such as travel, food and accommodations or our expenses

(such as travel, food and accommodations) if we provide Continuing Education sessions onsite at Franchisee's Business. The Continuing Education sessions will normally not exceed one (1) day and it is expected we will at least have quarterly programs subject to special need. The content will cover particular aspects of the franchise including but not limited to: updates, changes and additions to the Services, programs and products (if we authorize the sale of products in the future) Franchisee is authorized to perform and offer; updates, changes and additions to our Curriculum, vendor and supplier relationship updates, new equipment or products and industry developments; strategies for securing students, operational standards, technology and software developments, sales and marketing, administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

We may, but are not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, product or service training programs, annual convention and information available through our website for the benefit of the Franchisee and its Owners, Manager. We may charge a reasonable fee for additional training if deemed appropriate. Any and all travel, food, and accommodations and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by the Franchisee.

As part of the initial training program, we will provide Franchisee with: a written list of approved Services, programs (such as our proprietary Commercial Truck Driving Job Placement Guarantee Program), Curriculum and products (if we authorize the sale of products in the future) Franchisee is required to offer, perform, use, implement and sell; a written list of approved equipment, products (including Proprietary Products), supplies and services (as described in Section XII.I) Franchisee is authorized to purchase and use; a written list of approved vendors and suppliers to purchase equipment, products, supplies and services from; strategies for purchasing equipment, products and supplies; specifications, maintenance and operation guidelines for all equipment and technology items; a written list of Vehicle appearance standards; access to our intranet system that houses our commercial truck driving job board; recommended procedures and standards hiring and training Employees and independent contractors (if Franchisee chooses to use independent contractors); techniques in efficiencies, operational standards, safety procedures, suggested rates for Services and pricing for products (if applicable) in addition to sales training, advertising, marketing and promotional strategies and materials that have been developed by us (or our affiliates) and are necessary in the operation of the Business. We reserve the right, in our sole discretion, to add, modify, change or discontinue any Service, program, Curriculum or product from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will also provide Franchisee with a startup kit during the initial training program that includes various promotional and marketing materials to help accelerate the opening of the Franchisee's Business. This startup kit will be provided to Franchisee during the initial training program and will include: five hundred (500) business cards, two hundred and fifty (250) brochures and flyers, one hundred (100) workbooks, two (2) logoed shirts in addition to other miscellaneous promotional give-away items that will be useful in the initial marketing and operation of the Business. We will provide this startup kit to Franchisee at our cost. Replenishment of any one of these items in the startup kit shall be at Franchisee's cost.

We will provide Franchisee with access to our Software at no cost during the initial training program (thereafter Franchisee will be responsible for the software fee and ongoing support as described in Section X.E). Basic initial training for the Software and all other software programs necessary to run the Business will be provided as part of the initial franchise training program. In addition, we may provide technical support, ongoing assistance, consultation and upgrade requirements for Franchisee's technology

items (as described in Section XII.I) and related third-party software programs. We will update and make changes to our Software as we deem necessary. We will provide recommendations for other software programs necessary for the operation of the Business. All costs associated with installation, upgrading, protecting and maintaining the technology items and all other third-party software programs necessary for the operation of the Business, are the sole responsibility of the Franchisee.

We will provide up to seven (7) days of either pre-opening or grand opening assistance onsite at Franchisee's Business. Franchisee shall give us not less than thirty (30) days' notice of when Franchisee wants us to provide either the pre-opening or grand opening assistance. The dates for our visit for such assistance and guidance must be mutually agreed upon by Franchisee and us. Such assistance shall be completed no earlier than (60) days prior to when the Franchisee anticipates either starting to perform Services; enroll students, collect any type of fees for packages or programs or anticipates opening the Accepted Location and completed no later than ninety (90) days once the Business is open for operation. Any costs incurred by us in connection with either the pre-opening or grand opening assistance onsite at Franchisee's Business within the timeframe as described above will be paid by us. If Franchisee does not take advantage of this onsite assistance and guidance within the timeframe described above, then we are not obligated to provide such assistance to Franchisee without charging Franchisee for the actual wages and travel expenses incurred by us. For Franchisee's second and subsequent Businesses, we will provide the same pre-opening or grand opening supervision and assistance as described above; however, Franchisee will be responsible for actual wages and travel expenses incurred by us. In such circumstances where Franchisee is responsible for actual wages and travel expenses, we will provide Franchisee with invoices for amounts owed and we may require Franchisee to pre-pay all or a portion of the actual amounts incurred by us. Additional support requested by Franchisee will be subject to the training charges as described in Section XX.A

We will provide additional guidance during the operation of the Business in an effort to provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee, its Owners, Manager and lead certified commercial driving instructor (during regular business hours Eastern Time zone). Guidance may also be furnished in writing, telephonically, through training programs and/or onsite consultations, web-based computer training, among other methods. Onsite consultations are subject to additional training fees as mentioned above in addition to any and all travel, food, accommodations and other expenses incurred by us and shall be paid by Franchisee.

We may provide guidance to Franchisee in its efforts to obtain all certifications, licenses, permits and bonds (if applicable) required to operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such certifications, licenses, permits and bonds and all out of pocket costs associated with obtaining and maintaining such certifications, licenses and permits as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising, promotional programs, plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional programs, plans and materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XII.L of this Agreement.

We may provide Franchisee with emails, text messages, announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by us or on our behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning Services, programs, Curriculum, products, Software, third party software, our intranet system and commercial truck driving job board, industry developments and improvements to the management of the Business that we determine are relevant to the operation of the Business and

communication with other franchisees by means of our intranet system. We may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

We shall provide guidance and specifications for all equipment, products, furniture, fixtures, technology items, Vehicles, vehicle graphics and signage Franchisee must purchase all of which is necessary to operate the Business. In addition, we shall offer assistance in establishing administrative, record keeping and accounting systems. We will also provide Franchisee with all update and upgrade requirements for its technology items and related third-party software programs in response to changes in the Operations Manual or changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

We will provide a dedicated phone line only for our franchisees, free of charge, to answer any questions from Franchisee, its Owners, Manager or lead certified commercial driving instructor (during regular business hours, Eastern Time Zone). Franchisee will also be able to send us questions and suggestions using Internet email or intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

#### B. Web Page

We will provide to Franchisee a Driving Academy™ web page which is a URL housed within the corporate website that will include access to our intranet system that houses our commercial truck driving job board in addition to training, advertising, operational and support materials. Franchisee may customize parts of the web page with our approval; however, the look must remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the web page and/or any Website promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee's request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Business as described in Section VI of this Agreement. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the web page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights to derivate works.

#### C. Site Selection

Franchisee has the responsibility for selecting a site for the Business (and if applicable the empty lot space for its driving course if such empty lot space is not adjacent to the Business site). If Franchisee is leasing a space for the Business, we must review and approve the lease prior to the lease being signed. If the Franchisee is purchasing property, we must review and approve the purchase contract prior to it being signed. We will review and approve or disapprove the location of the Business (including the empty lot space for its driving course) and will not unreasonably withhold our approval. We shall have the right, but not the obligation, to inspect the site for the Business prior to opening. Franchisee is responsible for all lease negotiations.

We do not represent that we have any special expertise in selecting sites. Our approval of a site is not a representation or warranty that Franchisee's Business will be profitable or that Franchisee's sales will

attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that our approval or disapproval of a proposed site does not impose any liability on us.

#### D. Business Build Out, Layout and Design

We will assist the Franchisee in the review of the build out, layout and design of the Business (including the empty lot space for its driving course) prior to the Franchisee signing a lease or sublease. We will provide Franchisee with guidelines of the build out (including driving course specifications), layout and design of its Business; however, Franchisee may need to hire its own architect, at its own expense, to create a complete set of drawings based on the Business size and local permitting requirements. We must review and approve Franchisee's architect's final plan. We do not represent that we have any special expertise in approving Franchisee's final set of drawings. Our approval of Franchisee's architectural plan is not a representation or warranty that such plan will meet local permitting requirements or that such plan will not have to be revised or done over again in order to get final approval by local authorities. Approval is intended only to indicate that the Business build out and layout (including the empty lot necessary for its driving course) meets our minimum criteria. Franchisee agrees that our approval or disapproval of Franchisee's architectural plans do not impose any liability on us. The costs of leasehold improvements, furniture, fixtures, equipment, technology items, signage and décor for finishing out the Business are the responsibility of the Franchisee.

We will make available, at no charge to Franchisee, and advise Franchisee with regard to build out, design and floor plans for its sales office and classroom space in addition to the layout for its driving course and other such mandatory specifications for the construction and layout of the Business which includes the exterior and interior design. Franchisee acknowledges that Franchisee is responsible for all costs associated with architectural, floor plans, leasehold improvements and all the setup required for the Business. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, standard plans and specifications for the Business, subject to our approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform criteria.

Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications as we deem appropriate, periodically (however we will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Business (including its driving course) developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans, schematics and/or specifications have been approved by us and given to Franchisee).

#### E. Hiring Employees

We will provide Franchisee with recommended hiring guidelines when hiring Employees (defined in Section XII.F of this Agreement) and independent contractors (if Franchisee chooses to use independent contractors) for the Business; however, Franchisee acknowledges Franchisee is solely responsible for final employment and termination decisions. Such recommendations and suggestions will be covered in the initial training program and are listed in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for Employees. Franchisee acknowledges that we have made no guarantee or warranty that using any such suggested rates or wages will enhance Franchisee's sales or profits. Rate, benefit, hours, and/ or wage negotiations with Employees are the sole responsibility of the Franchisee. Franchisee acknowledges that it is fully in charge of hiring of all Employees (and independent

contractors if applicable) and for managing such individuals on an on-going basis. Our input as to hiring and management of Employees and independent contractors are suggestions and guidelines which we believe are important, and except for specific requirements set forth in this Agreement or the Manual, Franchisee is responsible for making all employment related decisions.

Failure of Franchisee to adhere to our guidelines and standards when hiring Employees, which may include the requirement of criminal background checks for all prospective employees and any independent contractors (if Franchisee chooses to use independent contractors), may be considered a breach of this Agreement and we may terminate the Agreement in our sole discretion, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

#### F. No Warranties Other Than in Writing

With respect to equipment, products (including Proprietary Products purchased by Franchisee), supplies and/or services (as described in Section XII.I) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open-source code contained in any software that we may provide to the Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

We are not liable for any guarantee or warranty that Franchisee or any Owners, Managers or Employees or independent contractors (if Franchisee chooses to use independent contractors) make to a student or third party. Franchisee will fully comply with our proprietary Commercial Truck Driving Job Placement Guarantee Program and any promotional programs, loyalty programs, gift certificate, gift card or promotions developed and designed by us as described in Section XII.H of this Agreement. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee when such programs are implemented.

#### G. Operations Manual

We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, from time to time as we deem necessary to improve on its methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. We will lend Franchisee the confidential Operations Manual for the initial Franchisee training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to us, Franchisee must replace such manual its own expense.

The Operations Manual is designed to protect the System and the Names and Marks associated with the System, and not to control the day-to-day operation of the Business. Franchisee at all times will remain responsible for the operation of the Business and all activities occurring at the Business.

Franchisee shall at all times treat the Operations Manual and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of the Business, and any supplements thereto, and the information contained therein, in trust and as confidential information, as well as the trade secrets of ours, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of ours and shall at all times be kept and maintained in a secure place at the Business.

Franchisee shall at all times ensure that its copy of the Operation Manuals is kept current and up-to-date; and, in the event of any dispute as to the contents of the Operation Manuals, the master copy of the Operations Manuals maintained by us at the corporate offices shall be controlling.

Any suggestions the Franchisee may have concerning the improvement of our website or Websites, facilities, Services, programs, Curriculum, equipment, products, vendors and/or suppliers, advertising, promotional programs, plans and marketing materials are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

#### H. Selecting Vendors, Suppliers, Purchasing and Vehicle Appearance Standards

We shall provide Franchisee with a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for equipment, products (including Proprietary Products), supplies and services (as described in Section XII.I) necessary for the operation of the Business. We will provide Franchisee with a list of all approved equipment, products (including Proprietary Products), supplies and services that Franchisee is authorized to use, offer or sell in the operation of its Business; and a written list of all approved vendors and suppliers to purchase such items from during the initial training program. Franchisee understands that such lists will be updated and may change periodically at our discretion and Franchisee agrees to implement such updates at Franchisee's expense as described in Section XII.I of this Agreement. We will train Franchisee on strategies for purchasing such items during the initial training program. Franchisee will be required to submit in writing alternate equipment, products, supplies, services, vendors or suppliers to us for approval as described in Section XII.I of this Agreement. Franchisee acknowledges that we may receive rebates and/or other payments from some or all of the approved vendors.

We will also provide Franchisee with a written list of Vehicle appearance standards (including vehicle graphics specifications) necessary for the operation of the Business. Franchisee is encouraged to purchase used Vehicles for the operation of the Business as specified in Section XII.H of this Agreement. All costs associated with obtaining and maintaining its Vehicles is the sole responsibility of the Franchisee.

#### I. Availability of Equipment, Products and Supplies

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of equipment, products (including Proprietary Products), supplies and services (as described in Section XII.I) for purchase by Franchisee. We require that the Franchisee purchase such items from us, our affiliates or approved vendors and/or suppliers. We will provide Franchisee with a list of written specifications for such items along with a list of our approved vendors and Franchisee is responsible for acquiring all such items as they are necessary for the operation of the Business. All items that are provided by us or our affiliates will be competitively priced, taking into account equivalent quality and other reasonable considerations.

We reserve the right to establish rates for Services and lower than suggested retail prices on certain products (if we authorize the sale of products in the future) from time to time based on competition prevalent within the commercial truck driving school industry (as further described in Section XX.K). We shall publish inventory and Minimum Representation requirements in the Operations Manual and such requirements may be amended from time to time by us in our sole discretion (currently not in effect).

We reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner we choose in our sole discretion and we reserve the right to require franchisees to purchase all equipment, products and services as more

fully described in Section XII.I. We also reserve the right to require franchisees to purchase all equipment, products (including Proprietary Products), supplies and services through our intranet system.

#### J. Advertising and Promotion

We shall develop and provide creative materials (at our expense) that could be used for local and regional advertising and make such advertising and promotional materials available to our franchisees. Publication or distribution of such materials in the Franchisee's market area shall be at Franchisee's own expense. We will provide specific guidelines for advertising, marketing and promotions initiated by individual franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in our opinion, are not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

#### K. Suggested Rates & Pricing

We shall provide Franchisee with guidance and suggested rates for Services and pricing for products (currently we do not authorize franchisees to sell products but may authorize it in the future) offered by our franchisees. Franchisee shall have the right to offer Services and sell products approved by us at any rate or price Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and/or pricing for any given Service or product nationwide to the extent allowed by federal and state laws as explained in Sections XII.H and XII.I of this Agreement. Suggested rates for Services and pricing for products may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service and/or product at any rate or price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or products at the recommended rates and/or prices will enhance Franchisee's sales or profits.

We will provide Franchisee with proprietary Commercial Truck Driving Job Placement Guarantee Program specifications along with recommended procedures for transferring students to other Driving Academy™ businesses in addition to a sample set of forms including policies, contracts, waivers, agreements, advertising, promotional and marketing materials along with various operational forms for use in the Business during the initial training program. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.

We will continue to research and develop new Services, programs, Curriculum, products, equipment and suppliers as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new services, programs and products. If we select Franchisee, Franchisee can choose to participate in a market research program to test market new services, programs, curriculum, equipment or products in the Business and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of equipment and/or products being tested, effectively promote such services, programs and products and make a good faith effort to use, offer and/or sell them. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions established by us periodically.

#### L. Business Planning Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that we have any special expertise in



reviewing or developing business plans, or that any business plan developed by us will result in any profits, revenues, incomes, margins, or sales. Our review and commentary of a business plan or financial pro-forma is not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels. Our review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

## **XXI. VARYING STANDARDS**

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Business or circumstance, physical characteristics, freeway access, density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such Franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly requires us to grant such a similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion", "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, Franchisee and us agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions, except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other franchisee(s). Franchisee, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, Franchisee and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in material compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

## **XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS**

### **A. Relocation**

Any relocation (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at Franchisee's sole expense and (4) will require that Franchisee (and each Owner if an Entity) sign a general release.

### **B. General Requirements for Assignment by Franchisee**

Franchisee shall not voluntarily or involuntarily transfer, sell, assign or encumber any interest in or ownership or control of Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) of its shares or other ownership interests as described below), except in the ordinary course, of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without our prior written consent. Any attempted sale, assignment or transfer of any interest in Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement without our prior written consent

will be a default under the terms of this Agreement, and will be voidable by us. In granting any such consent, we may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with us, our affiliates and all suppliers;
2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet our then-applicable standards;
3. The proposed transferee (or if an Entity, its owners, managers, directors, or officers) must not operate a franchise, license another or operate businesses offering services and products similar to those offered by a Driving Academy™ Business;
4. We shall charge a flat transfer fee of two thousand five hundred dollars (\$2,500) to Franchisee when transferring a part of its Franchise Business (defined as less than 49% of the stock, membership units, partnership units or share of any business trust); or a flat transfer fee of ten thousand dollars (\$10,000) when Franchisee transfers its entire Franchise Business (defined as 49% or more of the stock, membership units, partnership units or share of the business trust) upon our written consent (defined as all other transfers). The term “flat transfer fee” means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The flat transfer fee will include, but not be limited to, reasonable attorney’s fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, out of pocket costs properly attributable to the transfer);
5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost of two hundred fifty dollars (\$250) per person per day and expenses, subject to increase from time to time.
6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;
7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement, hereinafter provided;
9. The transferee must meet our subjective and objective standards, including all quality standards, experience, talent, skills, educational, managerial, business and financial capacity; must either have or partner with someone who has a commercial driving instructor license or any other type of license or certification as required by transferee’s state; has the aptitude and ability to operate a Driving Academy™ business; has adequate financial resources and capital to operate the Business; and the transferee’s Manager and

lead certified commercial driving instructor (if this person is someone other than transferee) must complete the training program to our satisfaction;

10. The transferee (and, if an Entity, its Owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, but where the term will end on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement and the following requirement apply: (i), the transferee shall sign all other ancillary agreements as we may require for the Franchise Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (ii) additional changes to the terms of the Agreement may be made at our sole discretion, which include, without limitation, higher royalty fee payments, advertising contributions and renewal rights;
11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;
12. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;
13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;
14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity, in the aggregate, without invoking this provision, provided that in connection with any such transfer of more than ten percent (10%) ownership, the transferee executes the same Guaranty and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;
15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;
16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;
17. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability;
19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert our students, or attempt to hire Employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section XIX.C of this Agreement; and
20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Driving Academy™ Businesses that Franchisee or its Principals own and operate) identify itself or any business as a current or former Driving Academy™ business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Driving Academy™ business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Ownership Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or any type of ownership interest in the Franchisee or Franchised Business on the grounds that the proposed transferee has in our sole opinion taken on too much debt.

#### C. Transfer, Sale or Assignment by Franchisor and Franchisor's Right of First Refusal

Franchisee acknowledges that we have an unrestricted right to sell, transfer or assign our rights or obligations under this Agreement to any transferee or legal successor of ours.

We will have a right of first refusal regarding any proposed transfer, by Franchisee or an Owner of Franchisee, subject to this Agreement. During the term of this Agreement, if Franchisee, any of its Owners wish to sell, assign or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed sale, assignment or transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer a ten thousand dollar (\$10,000) earnest money deposit (if a proposed disposition is part of a transaction involving additional Driving Academy™ businesses, operating under other Franchise Agreements or license agreements with us, the proposed buyer must pay Franchisee this earnest money deposit for each Driving Academy™ Business involved).

To enable us to determine whether we will exercise our option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). In the event that we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of the election to purchase said Interest by us. Failure of us to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the “Trigger Date”), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The “Preliminary Due Diligence Package” is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee’s financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the Business’s current lease or sublease (if we do not already have it), payroll tax records for the past three (3) years, business income tax records for the past three (3) years, information about the number and compensation of employees working at the Business, student records and the Franchisee’s merchant account printouts for the past three (3) years, Franchisee’s bank deposits for the past three (3) years, and a description of competing truck driving school, truck driving instruction or truck driver training businesses and/or any other type of businesses offering similar Services and products (if we authorize the sale of products in the future) operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the “First Notice Deadline”) that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the “Due Diligence Deadline.” If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

- 1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- 2) Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes; we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination). Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;
- 3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and
- 4) We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:
  - (i) Ownership and condition of and title to ownership interests and/or;
  - (ii) Liens and encumbrances relating to ownership interests and/or assets;
  - (iii) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

- (iv) All equipment, products, supplies, technology items, software and Vehicles are in good working condition and suitable for use;
- (v) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's Business;
- (vi) There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;
- (vii) The Franchisee has the authority to sell the assets of its Business, including a copy of all director and/or Owner resolutions;
- (viii) The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;
- (ix) There will be no material adverse change in the operation of the Franchisee's Business between the date of signature of any Asset Purchase Agreement, and the date of settlement;
- (x) There are no tax or employee claims or issues; and
- (xi) The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

#### D. Transfer Upon Death or Mental Incapacity

Upon the death or the mental incapacity of any person with an interest in a Driving Academy™ business, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee or if an Entity, an Owner who owns more than forty nine percent (49%) of the Business or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Business who has successfully completed our training courses to operate the Business on behalf of the Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained manager, we may at our option, appoint a manager to maintain the operation of the Business until an approved transferee or manager will be able to assume the management and operation of the Business, but no such operation and management of the Business will continue for more than ninety (90) days without the approval of the personal representative of the named Owner (renewable as necessary for up to one year) and we will periodically discuss the status of the Business with the personal representative of the named Owner; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to any other fees due, we shall charge such fund the full amount

of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that we shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative of the named Owner, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the named Owner during any period in which it is managed by our appointed or approved manager.

Within thirty (30) days after the effective date of legal transfer of the franchise to Franchisee's heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer except that there will be no transfer fee.

#### E. Transfer, Sale or Assignment to Third Party

If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise our right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions under Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining our prior written approval, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither we nor our employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that we have a reasonable time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay our actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that, then applicable laws referred to in the addenda remain in effect.

#### F. Resale Assistance of Franchised Business

Franchisee may, at any time, request our assistance in locating a buyer for its Business. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we

elect to assist Franchisee in finding a buyer for the Business in any way, we make no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.

### **XXIII. TERMINATION OF FRANCHISE**

#### **A. Impact of Statutes Upon Franchise Agreement**

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under which we may be required to purchase certain inventory when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the Parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

#### **B. Termination by Franchisor with Right to Cure**

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least sixty (60) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the sixty (60) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the sixty (60) day period or such longer period as applicable law may require. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.

We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or their respective affiliates).

#### **C. Termination of Franchise Without Right to Cure**

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee or any of its Owners does any of the following:

1. Fails to agree on a Territory (if a Territory was not agreed upon before signing this Agreement), fails to secure a lease and/or fails to open the Business within the time limits as provided in Section VI and IX.B above;
2. Fails to attend and satisfactorily complete the initial training program before Franchisee either starts enrolling students, collecting any type of fee for packages or programs,



performing Services or when Franchisee's facility is open for operation (whichever comes first and as described in Section XII.A);

3. Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee, any Owner, Manager or lead certified commercial driving instructor has failed the initial training program and does not appoint another person to attend; or another Store Manager appointed by Franchisee fails the initial training program and/or is deemed not qualified to manage a Driving Academy™ business (as described in Section XX.A);
4. Abandons, surrenders, or transfers control of the operation of the Business to a third party other than another Owner or a Manager; or fails to continuously and actively operate the Business for five (5) consecutive days, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;
5. Fails or refuses, on more than three (3) occasions during the term of this Agreement, to submit when due any financial statement, tax return or schedule or to pay when due Royalty Fees, or any other payments due to us or our affiliate; or Franchisee (including any of its Owners) has been provided with notices of default from us (either by email or any other form of written communication) more than three (3) times during the entire term of this Agreement.
6. Operates the Business in a manner that presents a safety, health or environmental hazard to students, violates any federal, state, or local law, rule, regulation or ordinance which includes failure of Franchisee to use its best efforts when hiring Employees and independent contractors (if Franchisee chooses to hire independent contractors) including taking every action required by applicable laws related to criminal background checks (if Franchisee chooses to do such background checks or in the future we require background checks) for all prospective employees as described in Section XII.F and XX.E;
7. Is unable to provide Services and/or products (if we authorize the sale of products in the future) associated with the System; failure of Franchisee to maintain any license or certification that is required by its state and/or county such as: a commercial driving instructor license or any other license and/or certification depending on what Franchisee's state requires (including any lapse, alteration, or cancellation or such license); failure of Franchisee restrict any person who is not licensed and/or certified to instruct and perform Services (including restricting any person whose license or certification has been revoked, suspended or restricted); and/or if such state or county required license or certification is revoked, suspended or restricted; if any action is instituted by any governmental agency; or if any other business or professional license and/or certification or permit required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing (as described in Section XII.C of this Agreement);
8. Fails, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of a Driving Academy™ Business;
9. Violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Business (including operating any Vehicles) in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours after Franchisee receives notice from us or another party unless shorter period for cure provided pursuant to Section XXII.B;

10. Makes a material misrepresentation or omission on the application for the Franchise;
11. Transfers, assigns or sub-franchises this Agreement without our prior written consent, as set forth herein;
12. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by us;
13. Fails to adhere to our Vehicle appearance standards and fails to reasonably maintain its Vehicles as specified by us and Sections XII.H and XII.U of this Agreement;
14. Implements, offers, performs or sells any type service, program, curriculum or product not approved by us; or fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;
15. Engages in offering Services or products (if we authorize the sale of products in the future) through any alternative channel of distribution without our permission (other than promoting its Business on Yelp, Instagram and Facebook); refrains from promoting its Business on Yelp, Facebook and Instagram unless we revoke our approval in the future; does not adhere to our standards if granted permission to offer and/or sell Services and/or products (if applicable) through any alternative channel of distribution; or engages in any other activity, which has a material adverse effect on us or the Names and Marks;
16. Makes any changes to any Proprietary Products, equipment or any third-party products (such as changing containers, packaging, labeling, etc.) as described in Section XII.I of this Agreement);
17. Makes or allows any unauthorized use or copy of our Confidential Information, Proprietary Products and/or Software or seeks to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or Software;
18. Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, products, equipment, Proprietary Products and/or Software;
19. Manufactures or produces any piece of equipment or product that is similar to, or competes with any of our products, Proprietary Products, equipment or third-party products used or offered in the Business without our advanced written consent;
20. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any Proprietary Products, equipment or products without our written consent;
21. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;
22. Fails or refuses to: (i) use our Software in the operation of its Business; and (ii) adhere to all Software fee requirements as described in Section X.E of this Agreement;
23. Exhibits a reckless disregard for the physical or mental well-being of employees, students, us or our representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;

24. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;
25. Fails or refuses to: (i) offer, sell, use, modify, change or discontinue any Service, program, Curriculum, product or Proprietary Product as we specify; (ii) cease using and/or remove or replace any piece of equipment, technology item, furnishing, fixtures, product, Proprietary Product or other items necessary for the operation of the Business deemed to constitute a violation of this Agreement by us; (iii) maintain all equipment and technology items (clean, service and repair) as specified by us; and (iv) perform Services, use and execute the Curriculum or adhere to our operating procedures according to our standards (as specified in Sections XII.H and XII.I of this Agreement);
26. Fails or refuses to: (i) purchase the equipment, products, Proprietary Products and services as specified by us; or (ii) purchase equipment, products, Proprietary Products and services from us, our affiliates or approved vendors and suppliers or purchases such items from an unapproved vendor or supplier; as described in Sections XII.I of this Agreement;
27. Fails or refuses to comply with our inventory requirements or Minimum Representation requirements (if applicable) as set forth in the Operations Manual;
28. Fails to comply with the terms of any auto-ship programs as set forth in the Operations Manual (currently not in effect);
29. Engages in Target Marketing to solicit and obtain students by any type of advertising or marketing outside Franchisee's assigned Territory; or fails or refuses to refer off-site events and/or new students to other franchisees or company-owned businesses (as described in Section VI);
30. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, Websites, links, metatags, locators, search techniques and co-branding arrangements without our prior written consent;
31. Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged and convicted of a crime of moral turpitude;
32. Engages in unfair business practices or unethical conduct;
33. Fails to discharge within a reasonable time, any valid lien placed against the property of the Business;
34. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
35. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchisee, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;
36. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's Business or assets is filed and consented to by Franchisee;

37. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;
38. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.
39. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or extinguished;
40. If execution is levied against Franchisee's Business or property or against any ownership interest in Franchisee;
41. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;
42. If Franchisee is in material violation of the terms of Sections XII, XVI, XX and/or XXII;
43. If Franchisee maintains false books or records, or submits any false reports to us;
44. If any inspection of Franchisee's records discloses an under-statement of payments due to us of two percent (2%) or more, two or more times in any two (2) year period; or
45. If Franchisee's Business has three (3) or more material complaints reported to a governmental entity or other public forum (material complaints are determined in our sole and absolute discretion) with respect to the Business in any twelve (12) month period.

#### D. General Effect of Termination

On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in full force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to certain damages (as described in Section XXIV.H).

#### E. Territory Alteration as An Alternative to Termination

If Franchisee is in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee. In addition, we may modify or completely eliminate Franchisee's Territory.

### **XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION**

#### A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, Services and products associated with us and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage, Vehicles with graphics, advertising materials, stationery, forms and any other articles, which display our Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, Vehicles, buildings and structures so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Driving Academy™ business, and from other existing Driving

Academy™ businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.

**B. Franchisee Shall Cease Operating Business and Refrain from Notifying and Transfer Students**

Franchisee shall immediately cease to operate its Driving Academy™ Business and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of ours.

In addition, Franchisee shall not give notice of termination or expiration of this Agreement to Franchisee's students, persons and/or businesses who have received Services or products (if applicable) from Franchisee without our prior written consent. We shall have the sole right to notify all of Franchisee's students of the termination or expiration of this Agreement at the time and manner we determine to be most appropriate. All of Franchisee's existing lists and contact information for prospective and actual students shall be our property. In addition, Franchisee must, upon our request, within five (5) days after termination or expiration of this Agreement, contact all students who prepaid for their programs and provide full refunds. Franchisee shall also assist us in transferring such students to another Driving Academy™ location upon termination or expiration of this Agreement at such times and in the manner we require.

Franchisee must immediately tender all new or used inventory of Proprietary Products, décor, signage, promotional, advertising, marketing materials and/or anything that displays our Marks in addition to all Confidential Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

**C. Franchisee May Not Adopt Confusingly Similar Names and Marks**

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

**D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers**

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, Websites, email, listings and location contacts for the Business and/or used in the Business to us or our designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory and listing entities to effectuate the same.

**E. Franchisee Shall Transfer or Terminate Domain Name, Web Page and Websites**

Upon termination or expiration of this Agreement, Franchisee agrees that, we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, web page, Websites, mobile app platforms (if developed in the future) and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, web pages, Websites, mobile app platforms and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right

to, and interest in, all domain names, web pages, Websites, mobile app platforms (if applicable) and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, web pages, Websites, mobile app platforms and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

#### F. Franchisee Must Return Operations Manual and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to us all copies of the Operations Manual, training materials and any other materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of our Marks, and all student lists and contracts for the Franchised Business.

#### G. Franchisor May Purchase Assets

We shall have the right of first refusal to purchase or assume Franchisee's interest in the Franchised Business or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means leasehold improvements, equipment, technology items (as described in Section XII. D), furnishings, fixtures, signage, products, inventory (such as non-perishable products and merchandise in addition to all advertising and marketing materials), Vehicles and the lease or sublease for the Business. This right is governed by time limits and procedures described in this Agreement with respect to our right of first refusal in the event of an assignment. If we exercise our right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing our Names, Marks, at the lesser of Franchisee's cost or fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the Parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost. For any items that display the Marks such as: any décor, signage, marketing, advertising, marketing and/or promotional materials (regardless of when the item was purchased), the fair market value is agreed to be zero, except for any Vehicles. However, for any products, Proprietary Products or equipment (excluding Vehicles) that display our Marks, fair market value shall be deemed to be twenty percent (20%) of the Assets' original cost, regardless of when such items were purchased (however if any such items are broken or damaged for example: for products the seals are broken, packages are either torn, stained, discolored and/or if such items are broken, destroyed or otherwise unusable or unsellable) the fair market value is agreed to be zero. We and Franchisee agree that the terms and conditions of our right and option to purchase the Assets may be recorded, if deemed appropriate by us. If we elect to exercise any option to purchase the Assets as herein provided, we shall have the right to set off any amounts due from Franchisee.

#### H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to us, within sixty (60) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, System Advertising Fund contributions, other advertising fees, payments or any other sums owed to us or our affiliates by Franchisee, which are then unpaid. Franchisee shall pay to us or our affiliates all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Sections XIX and XXIV.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that the parties have considered the following in determining the amount of liquidated damages (“Damages”): (i) that the amount of Damages is reasonable under the circumstances existing at the time this Agreement is made; (ii) that the amount of Damages bears a rational relationship to the damages the parties anticipate would flow from the breach of this Agreement; (iii) the agreement to the amount of the Damages is necessary because actual damages are difficult or impossible to prove; and (iv) the amount of the Damages are not so large that they act as a penalty. Franchisee accordingly agrees that in such event it shall be obligated to pay to us, the amount of the Damages which is the total of all Royalty Fees and System Advertising Fee payments that we would have received, if this Agreement remained in effect until its scheduled expiration date, subject to the following: the amount of Damages shall be calculated by adding together the average monthly Royalty Fee payments and the average System Advertising Fund Fee payments that were paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years (whichever comes first). If the Franchisee has not made twelve (12) months of payments, then the number of payments it has made will be used to calculate the average of Royalty Fee and System Advertising Fund Fee payments. Such payments shall be due to us within thirty (30) days after the effective date of termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

## **XXV. PROVISIONS RELATING TO ENFORCEMENT**

### **A. Franchisee May Not Withhold Payments Due Franchisor**

Franchisee agrees that Franchisee will not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to mediation and/or arbitration as provided in this Agreement. Franchisee has no right of offset, or set off to any amounts due and owing to us.

### **B. Severability**

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

### **C. 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 XXVI 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.

### **D. 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 XXV(C) above, will be submitted first to mediation to take place at Franchisor’s principal offices

in New Jersey 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 XXV(D) 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.

#### E. Rights of Parties are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. In addition, both Parties agree that during any type of dispute or claim neither Party will attempt to: publicly publish any proceedings, make any publicly available claims; or make any disparaging statement which could tarnish the reputation of the other Party.

#### F. Judicial Enforcement, Injunction and Specific Performance

Notwithstanding anything to the contrary contained in Section XXV.D above relating to arbitration, we shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid fees or charges due hereunder, arising out of the Business conducted by Franchisee pursuant hereto, and to pursue any rights we may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. We shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure relief by judicial enforcement, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys’ fees, costs of investigation, court costs, and other litigation expenses, travel, accommodations, food, other expenses and any damages incurred by us as a result of the Franchisee’s breach of any provision of this Agreement.

#### G. New Jersey Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of New Jersey, and the sole and exclusive venue for arbitration or litigation shall lie in Union County, New Jersey, or in the applicable United States District Court for New Jersey.



#### H. Attorney Fees

In the event that either party incurs any expenses (including but not limited to reasonable attorney fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other.

#### I. Binding Effect

This Agreement is binding upon the Parties hereto and their respective permitted assigns and successors in interest.

#### J. Entire Agreement/Integration/No other Agreements/Manual(s) May Change

This Agreement and the exhibits to this Agreement constitute the final, complete and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior discussions between the Parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to Franchisee. No amendment to this Agreement shall be binding on either party unless mutually agreed to by the Parties in writing. The Operations Manual may be amended at any time by us, and Franchisee shall adopt its methods or procedures to comply with the requirements thereof.

#### K. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, pandemics or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

### **XXVI. NOTICES**

Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual receipt if delivery is by hand; or (ii) upon receipt by the transmitting party of a confirmation or return response when delivery is by facsimile or email; (iii) forty-eight (48) hours after deposit to a reputable overnight carrier with confirmation sent or being available, or (iv) seventy-two (72) hours after deposit into the United States mail if delivery is by postage prepaid, registered or certified, return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated in this Agreement or to any other address as the respective party may designate by notice delivered pursuant to this Agreement.

### **XXVII. COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by both of the Parties hereto. A signed copy of this Agreement delivered by email, DocuSign, or other means of electronic transmission (to which a PDF copy is attached) will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

**XXVIII. TIME IS OF THE ESSENCE**

Time is of the essence. The Parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

**XXIX. APPROVALS AND WAIVERS**

Whenever this Agreement requires our prior approval or consent, Franchisee shall make a timely written request to us and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assume no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by us to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**XXX. AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to us, both individually and in their capacities as Owners, partners, members, shareholders, directors and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

**XXXI. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE**

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

**FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ALL OF ITS OWNERS HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY US OR OUR AGENTS TO SIGN THIS AGREEMENT.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND**

**REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED DRIVING ACADEMY™ FRANCHISES.**



**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this Driving Academy Franchising, Inc. Franchise Agreement in duplicate on this date \_\_\_\_\_/\_\_\_\_\_/20\_\_\_\_.

**FRANCHISOR:**

**Driving Academy Franchising, Inc.**

Address for Notices:  
Driving Academy Franchising, Inc.  
200 East Edgar Road  
Linden, NJ 07036  
Telephone: (908) 525-3609  
Attn: Jonathan Marques

Signed: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

**FRANCHISEE:**

Address for Notices:

\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Attn: \_\_\_\_\_

\_\_\_\_\_

Signed: \_\_\_\_\_

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

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

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

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

SCHEDULE 1  
DRIVING ACADEMY FRANCHISING, INC.  
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEPOSIT)

BY AND BETWEEN DRIVING ACADEMY FRANCHISING, INC.  
AND \_\_\_\_\_ (“FRANCHISEE”) DATED \_\_\_\_\_ 20\_\_.

The undersigned depositor (“DEPOSITOR”) hereby authorizes Driving Academy Franchising, Inc. (“COMPANY”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’s instructions.

_____ DEPOSITORY	_____ Branch
_____ Address	_____ City, State and Zip Code
_____ Bank Transit/ABA Number	_____ Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

_____ DEPOSITOR	_____ DEPOSITORY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

SCHEDULE 2  
DRIVING ACADEMY FRANCHISING, INC.  
PRE-EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement.

Franchisee represents and warrants to Franchisor as follows:

1. Individually and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as, ("Pre - Existing Business"), and
2. Any and all existing franchise agreements, stockholder agreements, membership agreements, partnership agreements, option agreements or any other third-party rights relating to the Pre-Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the Owners, managers or employees of the Franchisee in the Franchised Business, and
3. Other than the consents of Franchisee and Franchisor, there is no other third-party consent required for the acquisition of the franchise to be legally binding and effective, and
4. There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to Franchisor, and
5. The Pre- Existing Business provides the following goods and services to its consumers at the following locations:

5.1 Goods and services of Pre-Existing Business(es)

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5.2 Location(s) of Pre-Existing Goods Business(es)

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and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as Franchised Business under the trade name "Driving Academy<sup>TM</sup>" and

7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by Franchisor, and

8. Franchisee shall indemnify, defend and hold harmless Franchisor and its affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SCHEDULE 3  
DRIVING ACADEMY FRANCHISING, INC.  
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or *affiliated* in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE

Signed: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_



SCHEDULE 4  
DRIVING ACADEMY FRANCHISING, INC.  
ADA & RELATED CERTIFICATIONS

Driving Academy Franchising, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) are parties to a franchise agreement dated, \_\_\_\_\_ 20\_\_\_\_ (the “Franchise Agreement”) for the operation of a Driving Academy™ Business (the “Business”).

In accordance with Section XII.C of the Franchise Agreement, Franchisee certifies to Franchisor that the Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Business. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor, its members, managers, officers, employees and agents, and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party (ies) as a result of any matters associated with Franchisee’s compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys’ fees, related to the same.

FRANCHISEE

Signed: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SCHEDULE 5  
DRIVING ACADEMY FRANCHISING, INC.  
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY  
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty is a Schedule to the Franchise Agreement between Driving Academy Franchising, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee") dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

1. The undersigned agree, individually and on behalf of his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.
2. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.
3. Each Guarantor waives:
  - (a) Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
  - (b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;
  - (c) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
4. Each Guarantor consents and agrees that:
  - (a) Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;
  - (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
  - (c) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;
  - (d) Liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;
  - (e) Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

(f) Each waives acceptance and notice of acceptance by Franchisor; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

5. Each Guarantor further hereby consents and agrees that:

- (a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;
- (b) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency
- (c) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and;
- (d) Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section XXV.D of the Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section XXV.D of the Agreement in accordance with its terms.

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

Dated on the \_\_\_\_\_ date of \_\_\_\_\_ 20\_\_\_\_.

**(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):**

NAME	ADDRESS	PERCENTAGE
_____ Signed	_____ _____	_____
_____ Printed	_____ _____	_____
_____	_____	_____

Signed

Printed

Signed

Printed

Signed

Printed

SCHEDULE 6  
DRIVING ACADEMY FRANCHISING, INC.  
COLLATERAL ASSIGNMENT OF LEASE

Franchisee: \_\_\_\_\_  
\_\_\_\_\_

Franchisor: Driving Academy Franchising, Inc.

Date of this Collateral Assignment of Lease (the "Assignment"): \_\_\_\_\_

The Franchisee, to effect various provisions of that certain Franchise Agreement dated \_\_\_\_\_, 20 \_\_, by and between Franchisee and Franchisor (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated \_\_\_\_\_ 20\_\_, between Franchisee and \_\_\_\_\_, ("Landlord"), for that property commonly known as: \_\_\_\_\_ (the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of Franchisor. Landlord will not consent or allow Franchisee to assign the Lease or sublease the Premise without Franchisor's prior written consent, which shall not be unreasonably withheld.

Except as provided in the Franchise Agreement, Franchisor will not take possession of the Premises under this Assignment until and unless there is a default by Franchisee under the Lease or a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Franchise Agreement. In such event(s), we (or our designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to us or our designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith, and do all acts necessary or appropriate thereto. Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless we take possession of the Premises pursuant to this Assignment and, in any event, Franchisor will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, we shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. Franchisor shall notify Landlord, in writing, within five (5) days of taking possession of the Premises.

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, Franchisor may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of the Franchisor. Failure of the Franchisor to exercise any remedy hereunder shall not be a waiver of any of its rights. The rights and remedies of the Franchisor under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, Franchisor and Franchisee, and their respective successors and assigns. With respect to Franchisor and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment,

and/or any matter related in any way to it, but the Franchisor may, in any event and at its option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and Franchisor and/or Franchisee, the dispute resolution provisions of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to Franchisor and Franchisor shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if Franchisor shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by Franchisor of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, the Franchisor shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless Franchisor expressly assumes the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on the Franchisor a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to Franchisor. Franchisor or its nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to Franchisor, Franchisee or Landlord shall be addressed as follows:

Landlord: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

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

**FRANCHISEE:**

\_\_\_\_\_  
Signature

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

**LANDLORD**

\_\_\_\_\_

by \_\_\_\_\_

its \_\_\_\_\_

\_\_\_\_\_  
Signature

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

**FRANCHISOR:**

Driving Academy Franchising, Inc.

by \_\_\_\_\_

its \_\_\_\_\_

SCHEDULE 7  
DRIVING ACADEMY FRANCHISING, INC.  
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

- A. The following is a list of all managing partners, partners, members, managers, shareholders, other Owners, investors in Franchisee (including all investors who own or hold direct or indirect interest in Franchisee) as well as all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. A description of the nature of their interest is also provided below.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

- B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 8.



SCHEDULE 8  
DRIVING ACADEMY FRANCHISING, INC.  
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into \_\_\_\_\_ 20\_\_\_\_, between Driving Academy Franchising, Inc., a New Jersey corporation (hereinafter referred to as Franchisor/we/us/our”), \_\_\_\_\_ (hereinafter referred to as “You”).

**RECITALS:**

WHEREAS, we have acquired the right to develop a unique system (the “System”) for the development and operation of a truck driving school that provides classroom and hands-on truck driver training programs under the name and mark “Driving Academy™” (each a “Business”); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Driving Academy™ and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards which include our: Such information, includes, but shall not be limited to, confidential matters, trade secrets, our: Services, Curriculum (including all workbooks, handouts and materials) in addition to our specific operational strategies, methods, processes, unique techniques when teaching students and performing services; our proprietary Commercial Truck Driving Job Placement Guarantee Program, relationships with vendors and suppliers, purchasing strategies, inventory management systems, specifications for all equipment, products and supplies used; cost and pricing strategies, safety, efficient scheduling and operational procedures to manage high volume; strategies for site acquisition, build-out and design specifications that include furnishings, fixtures, signage and driving course setup; guidelines for hiring, training and retaining employees and independent contractors (if Franchisee chooses to hire independent contractors), Vehicle appearance standards (including our vehicle graphic specifications), website, intranet system that includes our commercial truck driving job placement board, proprietary software, third-party software, Operations Manual, workbooks and materials, photographs, video presentations, forms, contracts, record keeping and reporting procedures; our proprietary student acquisition, onboarding and retention programs, advertising, marketing, networking, social media and promotional strategies and materials all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System (“Trade Secrets”); and

WHEREAS, the Trade Secrets provide economic advantages to us and are not generally known to and are not readily ascertainable by proper means by our competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, we have taken and intend to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, we have granted You (individually and/or through ownership of an entity) a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the Franchise Agreement made and entered into \_\_\_\_\_, 20\_\_\_\_ (“Franchise Agreement”) between us and You; and

WHEREAS, We and You have agreed in the Franchise Agreement on the importance to us and to You and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain of you to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become a staff member; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating your Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. We shall disclose to You some or all of the Trade Secrets relating to the System.
2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation of your of Business using the System for so long as you are licensed by us to use the System.
3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.
4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff members and then only to the limited extent necessary to train or assist your staff members in the management or operation of your Business using the System.
5. That all information and materials, including without limitation, build out drawings, specifications, techniques and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.
6. You shall surrender the confidential Franchise Operations and Procedures Manual and such other manuals and written materials we developed (“Manuals”) described in the Franchise Agreement and any other materials containing some or all of the Trade Secrets to You or us, upon request, or upon termination of employment by You, or upon conclusion of the use for which the Manuals or other information or materials may have been furnished to your staff.
7. You shall not, directly or indirectly, commit any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.
8. The Manuals are loaned by us to You for limited purposes only and remain our property and may not be reproduced, in whole or in part, without our written consent.
9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that during the term of the Franchise Agreement and for two (2) years following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement, You will not, without our prior written consent:
  - a. Divert or attempt to divert any business, business opportunity or student of the Business, with which or with whom you have had business contact during the term of this Agreement, to any competitor.
  - b. Employ or seek to employ any person who is at the time employed by us or any franchisee or developer of us, or otherwise directly or indirectly induce such persons to leave that person’s employment.
  - c. Directly or indirectly for yourself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or

beneficial interest in (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same as or similar to the Franchise including, but not limited to, any type of truck driving instruction, truck driving testing or certification-related business or any type of business offering services and products that are similar to the Services and products to a Driving Academy™ business which business is or intended to be, located within a thirty (30) mile radius of the Accepted Location in the Franchise Agreement or of any other Driving Academy™ business (which includes company-owned businesses and/or other franchise businesses) in existence or under construction as of the expiration as of the earlier of: (i) the expiration or termination of, or the transfer of all of your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by you, as applicable.

10. You undertake to use your best efforts to ensure that your staff acts as required by this Agreement.
11. You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, we shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to us at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and You in enforcing this Agreement.
13. Any failure by us or You to object or to take action with respect to any breach of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach or any later breach by you.
14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF NEW JERSEY. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN NEW JERSEY IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, YOU OR WE MAY BRING SUCH ACTION IN ANY COURT IN THE STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.
15. The parties agree that each of the above 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 a valid jurisdiction in an unappealed final decision to which we are a party, You 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.
16. This Agreement contains the entire agreement of the parties regarding the subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.
17. All notices and demands required to be given herein shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered

mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to us, the notice shall be addressed to:

Driving Academy Franchising, Inc.  
200 East Edgar Road  
Linden, NJ 07036  
Attention: Jonathan Marques  
Email: [Jonathan@CDLDrivingAcademy.com](mailto:Jonathan@CDLDrivingAcademy.com)  
Telephone: (908) 525-3609

If directed to you, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Telephone: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or email shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effected by giving fifteen (15) days written notice of such change to the other party.

18. The rights and remedies of us under this Agreement are fully assignable and transferable by us and shall inure to the benefit of our successors, assignees and transferees. The respective obligations of You and your staff herein are personal in nature and may not be transferred or assigned by You or your staff, as applicable.

**IN WITNESS WHEREOF**, the undersigned have entered into this Agreement, as an entity and in his or her individual capacity, as witnessed by their signatures below.

**Driving Academy Franchising, Inc.**  
**a New Jersey corporation:**

**You:**  
\_\_\_\_\_

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B**

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

## LIST OF STATE ADMINISTRATORS

California Department of Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834  
(866) 275-2677

Florida Department of Agricultural and Consumer Services  
Division of Consumer Services  
Mayo Building, Second Floor  
Tallahassee, Florida 32399-0800  
(904) 922-2770

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

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-11  
Indianapolis, IN 46204  
(317) 232-6681

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

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

Michigan Department of the Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, MI 48933  
(517) 373-7117

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101-2198  
(651) 539-1600

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

New York State Department of Law  
Investor Protection Bureau  
Franchise Section  
28 Liberty Street, 21st Floor  
New York, NY 10005  
(212) 416-8236

North Dakota Securities Department  
State Capital, 5<sup>th</sup> Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

Oregon Department of Consumer and Business Services  
Division of Finance and Corporate Securities labor and Industries  
350 Winter Street, NE, Room 410  
Salem, OR 97310-3881  
(503) 378-4140

Director, Department of Business Regulations  
Rhode Island Division of Securities  
233 Richmond Street, Suite 232  
Providence, RI 02903-4232

South Dakota Department of Labor and Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501-2017  
(605) 773-5953

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

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

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

State of Washington  
Director, Department of Financial Institutions  
Securities Division  
150 Israel Road, SW  
Olympia, WA 98501  
(360) 902-8760

Wisconsin Commissioner of Securities  
345 W Washington Ave., 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 266-8550

**AGENTS FOR SERVICE OF PROCESS**

Jonathan Marques  
Driving Academy Franchising, Inc.  
200 East Edgar Road  
Linden, New Jersey 07036  
(908) 525-3609

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California Commissioner of the Department of  
Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834

Commissioner of Securities of the State of  
Hawaii  
Department of Commerce and Consumer  
Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

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

Maryland Securities Commissioner  
Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020

Michigan Department of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
P.O. Box 30054, 6546 Mercantile Way  
Lansing, MI 48909

Minnesota Department of Commerce  
Attention: Commissioner of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101-2198

New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor  
Albany, NY 12231  
(518) 473 2492

North Dakota Securities Commissioner  
State Capitol – 5<sup>th</sup> Floor  
600 E. Boulevard Avenue  
Bismarck, ND 58505

Director, Department of Business Regulation  
Division of Securities  
Suite 232  
233 Richmond Street  
Providence, RI 02903-4232

Department of Labor and Regulation  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, SD 57501-3185

Clerk of the State Corporation Commission  
Tyler Building, 1<sup>st</sup> Floor  
1300 East Main Street  
Richmond, VA 23219

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road, Southwest  
Olympia, WA 98501

Wisconsin Commissioner of Securities  
345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 261-9555



## EXHIBIT C

### FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) : FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.**

As you know, Driving Academy Franchising, Inc. (“we”, “us”), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more DRIVING ACADEMY 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 cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement, and pay us the appropriate franchise/development 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 and/or Development 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 (and/or Development 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 (or DMA), 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? If you entered into a Development Agreement, do you further understand that you do not have any territorial exclusivity within your DMA?

- 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 DRIVING ACADEMY mark or any other mark at any location (a) outside Designated Territory under the Franchise Agreement, and (b) outside or within DMA if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or DMA?
- 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 then-current headquarters?
- Yes \_\_\_ No \_\_\_ 10. Do you understand the Franchise Agreement and Development Agreement provide 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 or Development 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 (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes \_\_\_ No \_\_\_ 15. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development 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 DRIVING ACADEMY 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 and/or Development 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 AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

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 D

### STATE SPECIFIC ADDENDA

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Franchise Disclosure Document (“Disclosure Document”) and Franchise Agreement will be amended as follows:

#### CALIFORNIA

##### ADDENDUM TO DISCLOSURE DOCUMENT

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

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

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

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

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

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the state where the business is located. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Orange County, California, with the costs being borne by the non-prevailing party. The prevailing party shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with arbitration, including reasonable attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

3. The following language is added to the end of Item 19 of the Disclosure Document:

The earnings claim set forth in certain portions of Item 19 of the Disclosure Document only describes Gross Sales (as defined therein) and therefor does not include costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain net income or profit.

The Franchise Agreement is amended to state the following: "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."

4. Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

## ILLINOIS

### ADDENDUM TO DISCLOSURE DOCUMENT

1. The “**Summary**” section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.
2. The “**Summary**” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:  
  
Illinois law applies.
3. Illinois law governs the agreement(s) between the parties to this franchise.
4. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)
5. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)

The Franchise Agreement is amended to state the following: “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.”

6. Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

**ILLINOIS**  
**AMENDMENT TO FRANCHISE AGREEMENT AGREEMENT**

**The Franchise Agreement is specifically amended as follows:**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement (“**Agreement**”) agree as follows:

1. Governing Law.

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement/development agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/development agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provide that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Driving Academy Franchising, Inc.

[INSERT FRANCHISEE NAME]

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MARYLAND

### ADDENDUM TO DISCLOSURE DOCUMENT

1. The “**Summary**” section of Item 17(h) entitled “**Cause**” defined (**defaults which cannot be cured**), is amended by adding the following:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

2. The “**Summary**” sections of Item 17(c) entitled **Requirements for renewal or extension**, and Item 17(m) entitled **Conditions for franchisor approval of transfer**, are amended by adding the following:

The general release required as a condition of renewal, sale, transfer or assignment of the Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following are added to the end of the chart in Item 17:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”



**MARYLAND**

**AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

**The Franchise Agreement is specifically amended as follows:**

Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.

The Franchise Agreement shall be supplemented by the following additional language:

PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT  
ACT TO REDUCE THE THREE (3) YEAR STATUTE OF LIMITATIONS  
AFFORDED FRANCHISEE FOR BRINGING A CLAIM UNDER THE MARYLAND  
FRANCHISE REGISTRATION AND DISCLOSURE LAW.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Any provision of this Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Driving Academy Franchising, Inc.

Franchisee: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MICHIGAN

### ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

A. A prohibition on the right of a franchisee to join an association of franchisees.

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchise's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

- 2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- 3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- 4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be direct to:

State of Michigan  
Consumer Protection Division  
Attention: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, MI 48933  
(517) 373-1160

**Note:** Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: "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.”

## MINNESOTA

### ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:

- A. **Renewal and Termination**

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

- B. **Choice of Forum**

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: "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.”

## MINNESOTA

### AMENDMENT TO FRANCHISE AGREEMENT

#### **The Franchise Agreement is specifically amended as follows:**

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

*SIGNATURES APPEAR ON FOLLOWING PAGE*

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Driving Academy Franchising, Inc.

Franchisee: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_



## NEW YORK

### ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought

by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

## NORTH DAKOTA

### ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the “Summary” section of Item 17(c) entitled **Requirements for you to renew or extend** and Item 17(m) entitled **Conditions for our approval of a transfer:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The applicable portion of the “Summary” section of Item 17(i) entitled **Your obligations on termination/non-renewal** is amended to read as follows:

**If we prevail in any enforcement action** you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement

3. The following is added to the “Summary” section of Item 17(u) entitled **Dispute resolution by arbitration or mediation:**

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the “Summary” section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires:**

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

5. The following is added to the “Summary” section of Item 17(v) entitled **Choice of forum:**

However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

6. The “Summary” section Item 17(w) entitled **Choice of law** is deleted and replaced with the following:

North Dakota law applies.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

## NORTH DAKOTA

### AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

**The Franchise Agreement is specifically amended as follows:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

To the extent allowed by the North Dakota Franchise Investment Law, Franchisee may commence any cause of action against Franchisor in any court of competent jurisdiction, including the state or federal courts of North Dakota.

Franchisor acknowledges that pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, all provisions in the Disclosure Document requiring Franchisee to consent to the jurisdiction of courts outside of North Dakota are hereby void.

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration and/or mediation will be at a site not remote from Franchisee's place of business, to which Franchisor and Franchisee mutually agree.

Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF NORTH DAKOTA.

Any limitation of claims shall not act to reduce the applicable statute of limitations afforded franchisee for bringing a claim under the applicable laws of North Dakota.

Liquidated damages requirements upon termination of the Franchise Agreement are generally unenforceable in the State of North Dakota.

6. Any provision of the Franchise Agreement requiring waiver of jury trial and exemplary and punitive damages are hereby deleted in their entirety.
7. The Franchise Agreement is revised such that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.
8. Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**Driving Academy Franchising, Inc.**

Franchisee: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**RHODE ISLAND**

**ADDENDUM TO DISCLOSURE DOCUMENT**

The following language is added to Item 17(v) entitled **Choice of forum**:

, except as otherwise required by the Rhode Island Franchise Investment Act

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**RHODE ISLAND**

**AMENDMENT TO FRANCHISE AGREEMENT**

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the attached Franchise Agreement agree as follows:

§19-24.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**Driving Academy Franchising, Inc.**

**Franchisee:** \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_



## WASHINGTON

### **ADDENDUM TO DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Franchise Agreement is amended to state the following: "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."

## WASHINGTON

### **AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement and/or Development Agreement agree as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Articles I, II, III and XXXI of the Franchise Agreement are hereby deleted in their entirety.

The Franchise Agreement is amended to state the following: “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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**Driving Academy Franchising, Inc.**

**Franchisee:** \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT E**

**OPERATIONS MANUAL TABLE OF CONTENTS**



# OPERATIONS MANUAL

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**EXHIBIT F**

**OPTION AGREEMENT**

**FRANCHISE OPTION AGREEMENT**

This Option Agreement is entered into as of \_\_\_\_\_, 20\_\_ between Driving Academy Franchising, Inc. (“Franchisor”) and \_\_\_\_\_ (“Optionee”).

- 1. Grant of Option. Optionee is hereby granted an option to be awarded a Driving Academy™ Franchise.
- 2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a Driving Academy™ franchise to be opened within the area of \_\_\_\_\_ or \_\_\_\_\_ miles of the “selected address” listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor’s approval.
- 3. Option Fee. A non-refundable option payment of \$\_\_\_\_\_ is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee provided that the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of Driving Academy™ franchisees and maintain those requirements at the time you exercise this option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.
- 4. Term. This Option will have a term of six months and begins on the date of this Agreement listed below.
- 5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile, or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.
- 6. Governing Law. This Agreement is valid when executed and accepted by Franchisor and is governed by the laws of the State of New Jersey. Union County, New Jersey will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the New Jersey franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated \_\_\_\_\_, 20\_\_\_\_\_

Expiration Date \_\_\_\_\_

**EXHIBIT G**

**SAMPLE RELEASE AGREEMENT**

In consideration for the consent of Driving Academy Franchising, Inc. (the “Franchisor”), to the assignment by \_\_\_\_\_ (“Franchisee”) of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated \_\_\_\_\_ (the “Franchise Agreement”), Franchisee hereby remises, releases, and forever discharges Franchisor, its officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature, including but not limited to those arising out of or existing under the Franchise Agreement, the offer and sale of the franchised business described therein, and out of the franchise relationship between the parties hereto, whether in law or in equity, from the beginning of time to the date hereof. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**FRANCHISEE:**

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

Print Name: \_\_\_\_\_

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

Print Name: \_\_\_\_\_



**EXHIBIT H**

**CURRENT FRANCHISEES AS OF DECEMBER 31, 2022**

School of the Trade, LLC  
(848) 285-4428  
630 S. Hope Chapel Road  
Jackson, NJ 08527

**EXHIBIT I**

**FORMER FRANCHISEES**

*None.*

**EXHIBIT J**

**FINANCIAL STATEMENTS**

**DRIVING ACADEMY FRANCHISING, INC.**  
**Financial Statements**  
**For year ended December 31, 2022**  
*with*  
**Independent Auditor's Report Thereon**

**DRIVING ACADEMY FRANCHISING, INC.**  
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BARBARA AHEARN-DUNN, EA  
KELLY BEACH, EA  
JACQUELINE CARTIER, EA  
ANTHONY J. SELLARI, EA



Divine  
Blalock  
Martin  
Sellari  
LLC  
Est. in 1932

**Certified Public Accountants and Consultants**  
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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Driving Academy Franchising, Inc.  
Linden, NJ

### Opinion

We have audited the accompanying financial statements of Driving Academy Franchising, Inc., (a New Jersey corporation) which comprise the balance sheet as of December 31, 2022, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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 Driving Academy Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility 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 Driving Academy Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Driving Academy Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***Divine, Blalock, Martin & Sellari, LLC***

**West Palm Beach, FL  
February 10, 2023**

**DRIVING ACADEMY FRANCHISING, INC.**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2022**

---

*Assets*

Current Assets	
Cash and Cash Equivalents	<u>\$ 208,995</u>
Total Current Assets	<u>208,995</u>
Total Assets	<u><u>\$ 208,995</u></u>

*Liabilities and Stockholder's Equity*

Current Liabilities	
Deferred Revenue	<u>\$ -</u>
Total Current Liabilities	-
Stockholder's Equity:	
Common stock 1,000,000 shares authorized	
1,000 shares issued and outstanding	1,000
Additional Paid in Capital	209,698
Retained Earnings	<u>(1,703)</u>
Total Stockholder's Equity	<u>208,995</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 208,995</u></u>

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



**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF INCOME**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022**

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Revenue	
Initial Franchise Fees	\$ -
Franchise Royalty Fees	-
	<hr/>
Total Revenue	-
Operating Expenses:	
Professional Fees	1,700
	<hr/>
Total Operating Expenses	1,700
	<hr/>
Income From Operations	(1,700)
	<hr/>
Net Income	\$ (1,700)
	<hr/> <hr/>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022**

---

	Common Stock	Additional Paid in capital	Retained Earnings (Deficit)	Total Stockholder's Equity
<b>Balance, January 1, 2022</b>	\$ 1,000	\$ 156,500	\$ (3)	\$ 157,497
Additional Paid in Capital	-	53,198	-	53,198
Net Income	-	-	(1,700)	(1,700)
<b>Balance, December 31, 2022</b>	<b>\$ 1,000</b>	<b>\$ 209,698</b>	<b>\$ (1,703)</b>	<b>\$ 208,995</b>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income (Loss)	\$ (1,700)
Adjustments to reconcile Net Income (Loss) to net Cash used by operating activities:	
Increase (Decrease) in Operating Liabilities	
Deferred Revenue	-
Total Adjustments	<u>-</u>
Net Cash Provided / (Used) by Operating Activities	(1,700)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Member Contributions	<u>53,198</u>
Net Cash Provided / (Used) by Financing Activities	<u>53,198</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	51,498
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>157,497</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 208,995</u></u>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

---

**NOTE 1 – BUSINESS ACTIVITY**

Driving Academy Franchising, Inc. was formed in the state of New Jersey on June 18, 2021; the Company is in the business of offering franchises for the operation of a truck driving school that provides classroom and hands-on truck driving training programs. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Driving Academy Franchising, Inc.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Accounts Receivable and Bad Debts**

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of period-end, any balances that are considered to be uncollectible. Accordingly, no allowance for doubtful accounts is required. Bad debts amounted to \$0 for the period ended December 31, 2022.

**Compensated Absences**

The company does not have a policy on compensated absences at this time.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2022, the Company did not own any fixed assets.

**Advertising**

Advertising costs are expensed as incurred.

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and to the use of the cash basis of accounting for income tax purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred tax assets are also recognized for net operating loss and Section 179 carryforwards that are available to offset future taxable income. Valuation allowances are provided for deferred tax assets based on management's projection of the sufficiency of future taxable income to realize the assets.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2022.

**Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Revenue Recognition**

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Revenue Recognition (continued)**

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom local web page housed within our national website that will include access to our intranet system and houses our commercial truck driving job board along and provides ongoing news bulletins and templates for advertising materials to support the business.
- Webserver setup for the web page.
- A startup kit that includes various marketing materials.
- Copy of our proprietary operations manual.
- Access to a self-study program (and related materials) to be completed prior to attending our initial training program.
- Comprehensive fourteen-day training program at our corporate headquarters and up to seven days of assistance and guidance at your location for pre-opening or grand opening assistance.

**Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

**Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP<sup>®</sup>). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

**Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2022.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2022, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. Effective January 1, 2022, the Company adopted the new lease standard. At December 31, 2022 the Company had no lease agreements in place.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

**NOTE 3 – INITIAL FRANCHISE FEE REVENUE**

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors for business. The amounts deferred as of December 31, 2022 was \$0.

**NOTE 4 – STOCKHOLDERS' EQUITY**

During the year ended December 31, 2022, the Company's stockholder contributed \$53,498.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 10, 2023, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

**DRIVING ACADEMY FRANCHISING, INC.**  
**Financial Statements**  
For the initial period ended December 31, 2021  
*with*  
Independent Auditor's Report Thereon



**DRIVING ACADEMY FRANCHISING, INC.**  
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AND THE STATE OF NC

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Driving Academy Franchising, Inc.  
Linden, NJ

### Opinion

We have audited the accompanying financial statements of Driving Academy Franchising, Inc., (a New Jersey corporation) which comprise the balance sheet as of December 31, 2021, and the related statements of income, stockholders' equity, and cash flows for the period from inception (June 18, 2021) to December 31, 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 Driving Academy Franchising, Inc. as of December 31, 2021, and the results of its operations and its cash flows from inception (June 18, 2021) to December 31, 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 Driving Academy Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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 Driving Academy Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility 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 Driving Academy Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Driving Academy Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***Divine, Blalock, Martin & Sellari, LLC***

**West Palm Beach, FL  
January 10, 2022**

**DRIVING ACADEMY FRANCHISING, INC.**  
**BALANCE SHEET**  
**December 31, 2021**

---

**ASSETS**

Current assets:

Cash and cash equivalents	\$ <u>157,497</u>
Total current assets	<u>157,497</u>
Total assets	\$ <u><u>157,497</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:

Accounts payable	\$ <u>-</u>
Total current liabilities	-

Stockholders' equity:

Common Stock, 1,000,000 shares authorized, 1,000 issued and outstanding	1,000
Additional paid in capital	156,500
Retained Deficit	<u>(3)</u>
Total stockholders' equity	<u>157,497</u>
Total liabilities and stockholders' equity	\$ <u><u>157,497</u></u>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF INCOME**  
**For the initial period ended December 31, 2021**

---

Revenues:	
Franchise fees	\$ -
Franchise royalty fees	<u>-</u>
Total revenues	-
Operating expenses:	
General and Administration	<u>3</u>
Total operating expenses	<u>-</u>
Income from operations	<u>-</u>
Net loss	<u>\$ (3)</u>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**For the initial period ended December 31, 2021**

---

	Common stock	Paid-in capital	Retained earnings	Total stockholders' equity
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Issuance of common Stock	1,000			1,000
Capital Contributed		156,500		156,500
Net income (loss)		-	(3)	(3)
Balance, end of period	<u>\$ 1,000</u>	<u>\$ 156,500</u>	<u>\$ (3)</u>	<u>\$ 157,497</u>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the initial period ended December 31, 2021**

---

Cash flows from operating activities:	
Net income (loss)	\$ (3)
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts payable	<u>-</u>
Net cash used in operating activities	<u>(3)</u>
Cash flows used in investing activities:	
Fixed assets purchase	<u>-</u>
Cash flows used in investing activities	-
Cash flows from financing activities:	
Common stock issued	1,000
Capital Contributions	<u>156,500</u>
Net cash provided by financing activities	<u>157,500</u>
Net increase in cash and cash equivalents	157,497
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u>\$ 157,497</u>

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

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the initial period ended December 31, 2021**

---

**NOTE 1 – BUSINESS ACTIVITY**

Driving Academy Franchising, Inc. was formed in the state of New Jersey on June 18, 2021; the Company is in the business of offering franchises for the operation of a truck driving school that provides classroom and hands-on truck driving training programs. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Driving Academy Franchising, Inc. The Company is in its initial start-up phase and is currently in the process of acquiring franchisees to operate in various states.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2021, the Company did not own any fixed assets.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and to the use of the cash basis of accounting for income tax purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred tax assets are also recognized for net operating loss and Section 179 carryforwards that are available to offset future taxable income. Valuation allowances are provided for deferred tax assets based on management’s projection of the sufficiency of future taxable income to realize the assets.

The Company’s tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2021.

**Advertising**

Advertising costs are expensed as incurred.



**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the initial period ended December 31, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Revenue Recognition**

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom local web page housed within our national website that will include access to our intranet system and houses our commercial truck driving job board along and provides ongoing news bulletins and templates for advertising materials to support the business.
- Webserver setup for the web page.
- A startup kit that includes various marketing materials.
- Copy of our proprietary operations manual.
- Access to a self-study program (and related materials) to be completed prior to attending our initial training program.
- Comprehensive fourteen-day training program at our corporate headquarters and up to seven days of assistance and guidance at your location for pre-opening or grand opening assistance.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the initial period ended December 31, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

**Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2021.

In May 2014, the FASB issued a new accounting standard that attempts to establish a uniform basis for recording revenue to virtually all industries financial statements, under U.S. GAAP as amended in March 2016 and April 2016. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. In order to accomplish this objective, companies must evaluate the following five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. There are three basic transition methods that are available - full retrospective, retrospective with certain practical expedients, and a cumulative effect approach. Under the third alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. guidance at the date of initial application and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. Prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. guidance.

**DRIVING ACADEMY FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the initial period ended December 31, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Recently Issued and Adopted Accounting Pronouncements (continued)**

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2020, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. The Company is currently evaluating the impact of this new accounting standard on its consolidated financial position and results of operations.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

**NOTE 3 – STOCKHOLDERS' EQUITY**

During the initial period ended December 31, 2021, the Company's stockholder contributed \$156,500.

**NOTE 4 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through January 10, 2022, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

## 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, Illinois, Indiana, Kentucky, 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, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
California	Pending Registration
Florida (exemption)	Effective
Hawaii	Not Registered
Illinois	Pending Registration
Indiana	Pending Registration
Kentucky (one-time filing)	Effective
Maryland	Pending Registration
Michigan	Effective
Minnesota	Pending Registration
Nebraska (one-time filing)	Effective
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Texas (one-time filing)	Effective
Utah (exemption)	Pending Registration
Virginia	Not Registered
Washington	Pending Registration
Wisconsin	Pending Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K**

**RECEIPTS**

**RECEIPTS (YOUR COPY)**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Driving Academy Franchising, Inc. offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this disclosure document 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 Driving Academy Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 30, 2023.

I have received a Franchise Disclosure Document with an issue date of April 30, 2023, which contained the following Exhibits.

- A. Franchise Agreement (and Exhibits)
- B. List of State Franchise Administrators/Agents for Service of Process
- C. Franchisee Questionnaire/Compliance Certification
- D. State Specific Addenda
- E. Operations Manual Table of Contents
- F. Option Agreement List of Franchisees
- G. List of Franchisees
- H. Franchisees That Left Our System
- I. Financial Statements
- J. Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Jonathan Marques and Anthony Johnson, Driving Academy Franchising, Inc., 200 East Edgar Road, Linden, New Jersey 07036, (908) 525-3609

\_\_\_\_\_

If an individual:

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

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

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

If a Partnership, Corporation or Limited Liability Corporation:

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

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

Title: \_\_\_\_\_

Name of Entity: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

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Date: \_\_\_\_\_